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ABSTRACT

This hearing was held to consider the Student Athlete Protection Act (H.R. 3575), a bill to prohibit high school and college sports gambling in all states including states in which such gambling was permitted prior to 1991. In his introductory remarks, Congressman Henry J. Hyde (Illinois) noted that gambling on sporting events is still legal in only four states, and that only one state, Nevada, offers legalized gambling on amateur sports events. The National Collegiate Athletic Association (NCAA) maintains a zero tolerance policy against sports gambling, but gambling on collegiate and other amateur sports events remains widespread. Speaking in support of the bill were Congressmen John Conyers (Michigan) and Lindsey O. Graham (South Carolina), along with basketball coach Tubby Smith, football coach Lou Holtz, and Graham Spanier, college president and NCAA representative. Also supporting the bill were the Commission of an athletic conference, James E. Delaney and Representatives Sheila Jackson Lee (Texas) and Maxine Waters (California). Speaking against the bill, and in favor of increased sanctions and enforcement by the NCAA were Representatives Shelly Berkley (Nevada) and Jim Gibbons (Nevada), Frank J. Fahrenkopf, Jr., of the Nevada Gaming Association, Bobby Siller of the Nevada State Gaming Board, and Brian Sandoval of the Nevada State Gaming Commission. An appendix contains supplemental materials submitted in support of and against H. R. 3575. The prepared statements of the witnesses are included. (SLD)

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ED 451 808

STUDENT ATHLETE PROTECTION ACT

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

ON

H.R. 3575

JUNE 13, 2000

Serial No. 112

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STUDENT ATHLETE PROTECTION ACT

TUESDAY, JUNE 13, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The committee met, pursuant to call, at 10 a.m., in Room 2141, Rayburn House Office Building, Hon. Henry J. Hyde (chairman of the committee) presiding.

Present: Representatives Henry J. Hyde, George W. Gekas, Howard Coble, Lamar S. Smith of Texas, Charles T. Canady, Steve Chabot, Bob Barr, Asa Hutchinson, Edward A. Pease, Chris Cannon, John Conyers, Jr., Robert C. Scott, Melvin L. Watt, Sheila Jackson Lee, Maxine Waters, and Anthony D. Weiner.

Staff present: Thomas E. Mooney, Sr., general counsel-chief of staff; Jon Dudas, deputy general counsel-staff director; Daniel M. Freeman, parliamentarian-counsel; Joseph Gibson, chief counsel; John Mautz, counsel; Sheila F. Klein, executive assistant to general counsel; Patrick Prisco, assistant to deputy general counsel-staff director; Amy Rutkowski, staff assistant; Samuel F. Stratman, communications director; Terry Shawn, deputy press secretary; James B. Farr, financial clerk; and Ann Jemison, receptionist.

Mr. HYDE. The committee will come to order.

Good morning, and welcome, everyone. Today's hearing is on H.R. 3575, the Student Athlete Protection Act.

[The bill, H.R. 3575, follows:]

106TH CONGRESS
2D SESSION

H. R. 3575

To prohibit high school and college sports gambling in all States including States where such gambling was permitted prior to 1991.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 2000

Mr. GRAHAM (for himself, Mr. ROEMER, Mr. MCINTOSH, and Mr. GREENWOOD) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To prohibit high school and college sports gambling in all States including States where such gambling was permitted prior to 1991.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Athlete Protection Act".

SEC. 2. PROHIBITION.

Section 3704 of title 28, United States Code, is amended—

(1) in subsection (a), by striking "Section" and inserting "Except as provided in subsection (c), section"; and

(2) by adding at the end the following:

"(c)(1) Section 3702 shall apply to a lottery, sweepstakes or other betting, gambling, or wagering scheme based, directly or indirectly, on—

"(A)(i) one or more competitive games in which high school or college athletes participate; or

"(ii) one or more performances of high school or college athletes in competitive games; or

"(B) one or more competitive games at the Summer or Winter Olympics.

"(2) In this section—

"(A) the term 'high school' has the meaning given the term 'secondary school' in section 14102 of the Elementary and Secondary Education Act of 1965; and

"(B) the term 'college' has the meaning given the term 'institution of higher education' in section 101 of the Higher Education Act of 1965.".

SEC. 3. EFFECTIVE DATE.

The amendments made by section 2 shall take effect on the date that is 30 days after the date of enactment of this Act.

○

Mr. HYDE. H.R. 3575 would ban gambling on all amateur sporting events. This bill would amend the Professional and Amateur Sports Protection Act, which is commonly referred to as PASPA. Under PASPA, gambling on sporting events is still legal in four States; however, only one State, Nevada, offers legalized gambling on amateur sporting events.

In 1996, this committee authorized the establishment of the National Gambling Impact Study Commission to conduct a comprehensive factual study of the local and economic impacts of gambling. In June 1999, when the Commission concluded its work, it issued a final report detailing the Commission's findings and recommendations, including a recommendation that gambling on amateur sports be banned completely. In support of this recommendation, the report contains repeated references to widespread illegal gambling on professional and collegiate sports.

The mere notion that gambling has become so prevalent that it threatens the integrity of amateur sports in America is alarming. The report cites a University of Michigan survey which shows that more than 45 percent of male collegiate football and basketball athletes bet on sporting events. Five percent of those surveyed also admitted to either providing inside information for gambling purposes, betting on a game in which they participated, or accepting money for performing poorly in a game.

The Commission also reported that legal gambling fuels illegal gambling. For instance, two recent scandals at Northwestern University in Chicago and Arizona State University were linked to legal sports gambling books in Nevada. Although it is only legal to bet on collegiate sports in Nevada, point spreads can easily be found in any State. In addition, even in Nevada it is illegal to bet on a team from Nevada.

While all of this seems to support the Commission's recommendations to ban gambling on collegiate and amateur sports, billions of dollars will still be bet illegally on college and professional sports each year. The NCAA's Executive Director, Cedrick Dempsey, has stated that every campus has bookies and that there is evidence that more money is spent on gambling on campus than alcohol. The NCAA maintains a zero tolerance policy against sports gambling. I hope these hearings will shed some light on how these policies are enforced.

I have come to these hearings with an open mind and I believe all of us here are eager to protect the integrity of amateur sports in America. I look forward to hearing from all of the witnesses and greatly appreciate their participation in this hearing.

[The prepared statement of Chairman Hyde follows:]

PREPARED STATEMENT OF HON. HENRY J. HYDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS, AND CHAIRMAN, COMMITTEE ON THE JUDICIARY

Good morning and welcome everyone. Today's hearing is on H.R. 3575, the "Student Athlete Protection Act." H.R. 3575 would ban gambling on all amateur sporting events. This bill would amend the Professional and Amateur Sports Protection Act, which is commonly referred to as "PASPA". Under PASPA, gambling on sporting events is still legal in four states. However, only one state—Nevada—offers legalized gambling on amateur sporting events.

In 1996, this Committee authorized the establishment of the National Gambling Impact Study Commission to conduct a comprehensive factual study of the social and economic impacts of gambling. In June of 1999, when the Commission concluded its work, it issued a Final Report detailing the Commission's findings and recommendations, including a recommendation that gambling on amateur sports be banned completely. In support of this recommendation, the report contains repeated references to widespread illegal gambling on professional and collegiate sports.

The mere notion that gambling has become so prevalent that it threatens the integrity of amateur sports in America is alarming. The report cites a University of Michigan survey which shows that more than 45 percent of male collegiate football and basketball athletes bet on sporting events. Five percent of those surveyed also admitted to either: (1) providing inside information for gambling purposes, (2) betting on a game in which they participated, or (3) accepting money for performing poorly in a game.

The Commission also reported that legal gambling fuels illegal gambling. For instance, two recent scandals at Northwestern University in Chicago and Arizona State University were linked to legal sports gambling books in Nevada. Although it is only legal to bet on collegiate sports in Nevada, point spreads can easily be found in any state. In addition, even in Nevada it is illegal to bet on a team from Nevada. While all of this seems to support the Commission's recommendation to ban gambling on collegiate and amateur sports, billions of dollars will still be bet illegally on college and professional sports each year.

The NCAA's Executive Director, Cedric Dempsey, has stated that "every campus has bookies" and that "there is evidence that more money is spent on gambling on campuses than alcohol." The NCAA maintains a zero tolerance policy against sports gambling. I hope these hearings will shed some light on how these policies are enforced.

I have come to this hearing with an open mind and I believe all of us here are eager to protect the integrity of amateur sports in America. I look forward to hearing from all of the witnesses and greatly appreciate their participation in this hearing.

I recognize the ranking member, Mr. Conyers.

Mr. HYDE. I am pleased to recognize the ranking member, Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman, and members of the committee, and our distinguished colleagues who will be giving us their views very shortly.

We are holding the hearing today because gambling is a pervasive problem in our society. We need only to look at the wagering on sports that is generated to recognize its national impact. Last year Nevada's sports gambling industry took in $2.3 billion in legal wagers. Moreover, estimates are that anywhere from $80 billion to $380 billion per year is illegally bet on sporting events. I need only to look at my city of Detroit, which even though there are casinos across the river, there are two in Detroit and more on the way. And so it is not hard to conclude that legal gambling is spreading rapidly.

Recognizing the widespread harms caused by gambling, I joined others here, including the chairman, to help establish the National Gambling Impact Study Commission which last year concluded a 2-year study examining the impact of legal gambling. And what did they find? That sports gambling, in particular, has serious social costs. It threatens the integrity of amateur sports. It puts student athletes in potentially difficult positions when confronted with offers of gifts or large sums of money in return for merely missing a few shots. And finally, it can lead our young people down the path of more addictive behavior and can destroy individuals' lives and careers. So for these reasons, the Commission took the bold step of recommending that legal gambling on collegiate and amateur athletic events be completely prohibited in the United States.

There is no doubt that the problem of gambling on amateur sports needs to be addressed. We recognized that in 1992 when we enacted the Professional and Amateur Sports Protection Act which prohibited gambling on sports throughout the United States except for the "grandfathered" States. For practical purposes, Nevada is the only State that currently permits legal sports gambling.

The Commission's recommendation is to seek to close this loophole by banning all gambling on amateur sports. As noted by the Commission, there are three principal reasons for such a ban.

First, gambling threatens the integrity of amateur sports. Whether it is watching the final game of the college basketball tournament or seeing the United States Olympic team compete for the gold medal, we have all experienced the thrill that stems from the uncertainty of the outcome of the game. Amateur sports also instills the values of hard work, dedication, and personal sacrifice to achieve one's goals. However, gambling on college sports, a multibillion dollar industry, not only jeopardizes the excitement of rooting for your favorite team for its own sake, but also threatens the values that sports provide.

Second, gambling puts student athletes in potentially harmful positions by providing undue incentives to "fix" the outcome of games. For example, when offered large sums of money, former members of the Arizona State University Basketball Team admitted to shaving points on four home games during the 1994 season. Similarly, there is the unfortunate case of Kevin Pendergast, a former star football player at Notre Dame who subsequently orchestrated the point-shaving of basketball games at Northwestern University. The last bet Mr. Pendergast made was legally placed in Las Vegas for $20,000. He admits he would not have attempted his point-shaving scheme but for the facelessness of the Nevada ca-

sino business and the ability to place legal bets without any questions.

Finally, sports gambling can lead individuals, particularly young people, down the path to more addictive and destructive behavior. Let's examine a few statistics. A Gallop Poll found that twice as many teenagers bet on college sports than do adults, and that most teenagers start betting by the age of ten. Research conducted by the American Academy of Pediatrics concluded that over a million teenagers in the U.S. are addicted to gambling and called gambling the addiction of the 1990's. The Harvard School of Medicine estimates that 6 percent of teenagers have serious gambling problems.

These statistics I think are alarming. I know they are. They demonstrate the pervasiveness of sports gambling among our young people and, in particular, evidence the fact that many of them may not even recognize that they are engaged in an illegal and potentially addictive activity.

We must act to curb the problems associated with sports gambling in the United States. There are a number of proposals you have brought before us as members and as witnesses that we will hear shortly. I think some of them are quite useful. It is my expectation that today will be an important hearing on a very important subject.

I thank the chairman for his indulgence.

[The prepared statement of Mr. Conyers follows:]

PREPARED STATEMENT OF HON. JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

We are holding this hearing today because gambling is a pervasive problem in our society. We only need to look at the revenue that wagering on sports generates to recognize its national impact. Last year, Nevada's sports gambling industry took in $2.3 billion in *legal* wagers. Moreover, estimates are that anywhere from $80 billion to $380 billion per year is *illegally* bet on sporting events. I need only look at my own city of Detroit, which now hosts two new casinos, to conclude that legal gambling is spreading rapidly.

Recognizing the widespread harms caused by gambling, in 1996, Congress established the National Gambling Impact Study Commission, which last year concluded a two-year study examining the impact of legal gambling. The Commission found that sports gambling, in particular, has serious social costs: (1) *it threatens the integrity of amateur sports;* (2) *it puts student-athletes in potentially difficult positions when confronted with offers of gifts or large sums of money in return for merely missing a few shots; and finally,* (3) *it can lead our young people down the path of more addictive behavior and can destroy individual's lives and careers.* For these reasons, the Commission took the bold step of recommending that legal gambling on collegiate and amateur athletic events be completely prohibited in the United States.

There is no doubt that the problem of gambling on amateur sports needs to be addressed. We recognized this fact back in 1992 when Congress enacted the Professional and Amateur Sports Protection Act, which prohibited gambling on sports throughout the United States, except for certain grandfathered states. For practical purposes, Nevada is the only state that currently permits legal sports gambling. The Commission's recommendation is to seek to close this loophole by banning all gambling on amateur sports.

As noted by the Commission, there are three principal reasons for such a ban. First, gambling threatens the integrity of amateur sports. Whether it is watching the final game of the college basketball tournament or seeing the U.S. Olympic team compete for the Gold Medal, we have all experienced the thrill that stems from the uncertainty of the outcome of the game. Amateur sports also instills the values of hard work, dedication and personal sacrifice to achieve one's goals. However, gambling on college sports—a multi-billion dollar industry—not only jeopardizes the excitement of rooting for your favorite team for the sake of pure competition, but also threatens the values that sports provide.

Second, gambling puts student-athletes in potentially harmful positions by providing undue incentives to fix the outcome of games. For example, when offered large sums of money, former members of the Arizona State University basketball team admitted to shaving points on four home games during the 1994 season. Similarly, there is the case of Kevin Pendergast, a former star football player at Notre Dame, who subsequently orchestrated the point shaving of basketball games at Northwestern University. The last bet Mr. Pendergast made was legally placed in Las Vegas for $20,000. He admits that he would not have attempted his point shaving scheme but for the facelessness of the Nevada casino business and the ability to place legal bets without any questions.

Finally, sports gambling can lead individuals, particularly young people, down the path of more addictive and destructive behavior. To cite a few recent statistics:

- A Gallup poll found that twice as many teenagers bet on college sports than do adults and that most teenagers start betting by the age of ten;
- Research conducted by the American Academy of Pediatrics concluded that over one million teenagers in the U.S. are addicted to gambling and called gambling the "addiction of the nineties"; and
- The Harvard School of Medicine estimates that 6 percent of teenagers have serious gambling problems.

These alarming statistics demonstrate the pervasiveness of sports gambling among our youth, and in particular, evidence the fact that many of them may not even recognize that they are engaged in illegal and potentially addictive activity.

We must act to curb the problems associated with sports gambling in the United States. There are several proposals on how best to address the issue, and I look forward to working with my colleagues to act swiftly and aggressively to enact legislation to address this pervasive problem.

Mr. HYDE. Thank you, Mr. Conyers.

Our first panel consists of four of our colleagues. We have this morning Congressman Lindsey Graham of South Carolina and Congressman Tim Roemer of Indiana, the chief sponsors of H.R. 3575. We also have Congressman Jim Gibbons and Congresswoman Shelly Berkley, both from Nevada, who have introduced alternative legislation addressing collegiate sports gambling.

Let me remind everyone our normal practice is not to question Congressional witnesses. So we will not question you. You can avoid that.

We welcome you at this time. And I am pleased to recognize Mr. Graham. May I request, respectfully, that you confine your remarks to approximately 5 minutes. Your full statement will be made a part of the record. But if you hold it to 5, we can get through this panel and the next one.

We expect a vote any minute on the approval of the Journal and one suspension having to do with a Government audit. The first vote will be a 15-minute vote and I would hope and pray the second one would be a 5-minute vote, although it would not matter. As soon as the second vote is taken, if we will come back here. So we will go into recess when that happens. But meanwhile, we can proceed.

Mr. Graham?

STATEMENT OF HON. LINDSEY GRAHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. GRAHAM. Thank you, Mr. Chairman. I will try to set the tone here. There is not much to add to the opening statements by you and the ranking member. I just want to thank you for allowing us to appear before the committee and for having this hearing. And Mr. Conyers, thank you for those comments.

The point I would like to make very quickly is that there is a bipartisan effort building around this legislation. The nuts and bolts of why we are here has already been explained. It is a real problem. There is a billion dollars bet every year on college athletics. It does not take a rocket scientist to figure that it does more harm than good that some young kid out there will miss a free throw he could make, drop a football he could catch. There is a lot of pressure on these kids.

The point I would like to make to the committee is look at the group of people coming in support of this legislation. Rivals on Saturdays and throughout the week, very competitive, well-known figures like Coach Smith, Coach Holtz—Dean Smith could not make it, he was fogged in—these are the most notable sports figures, coaches in the country. We have the High School Athletic Association. We have almost every association in America that deals with the welfare of young people regarding athletic events here to tell us to stop gambling on amateur athletics. They are putting their reputations on the line, they are leaving their families, they are leaving their businesses behind to come up here to Congress today, and will continue to come back, to make the point that the people they recruit, coach, and love are at risk.

The strongest statement I can give to you is to look in the booklet at the number of rivals and competitors who have laid down their rivalry and competitive nature to come together and work for the good of the kids. For the love of the game, Mr. Chairman, we need to pass this bill. Thank you very much.

[The prepared statement of Mr. Graham follows:]

PREPARED STATEMENT OF HON. LINDSEY O. GRAHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman, thank you for the opportunity to testify before my colleagues about H.R. 3575, the *Student Athlete Protection Act*. My purpose today is to explain why we need this legislation and what we hope to achieve with this bill.

During the 1990's, there have been more attempts to coerce students into shaving points and actually fixing games than in the previous 50 years. And the problem is getting worse—not better. If we do nothing to stem the tide, then we risk undermining the integrity of all amateur sports. Every missed shot will be questioned, every dropped pass will be challenged. (In fact, one day we may compare amateur sports to professional wrestling, sure it's great entertainment, but we all know it's not real.)

Last year, the National Gambling Impact Study Commission (NGISC) issued its final report in which the commission recommended a complete and total ban on amateur sports gambling. Based in part on their findings, the *Student Athlete Protection Act* was crafted to do to just that. Specifically, H.R. 3575 would prohibit all gambling on college, high school and Olympic sports. This would essentially end the practice of amateur sports gambling in Nevada, one of the few states grandfathered into the *1992 Professional and Amateur Sports Protection Act (PASPA)* which prohibits wagering on both professional and amateur sports in almost every other state.

By eliminating the legal sports books in Nevada, we close the one remaining outlet for the billions of dollars bet annually on college sporting events. While the bets taken in Nevada casinos may be regulated and appear to be legal, evidence supports the fact that the Nevada sports books have been used by people involved in illegal point-shaving schemes. As recent as February, we heard from Kevin Pendergast, the mastermind of the Northwestern University scandal, who unequivocally stated that the point-shaving scandal at Northwestern would not have occurred if it hadn't been for the Nevada casinos.

For another telling indication of the link between corruption and gambling on amateur sports, look no further than Nevada. While, Nevada is currently the only state where collegiate sports betting occurs, its gaming regulations clearly recognize the potential danger that legal sports gambling presents. The regulations not only

prohibit Nevada sports books from accepting bets on college athletic events that occur in the state, but they also prohibit gambling on any games of Nevada institutions played outside their state's borders.

If the gambling industry didn't believe that an amateur athlete in Nevada could be enticed to shave points or throw a game, they wouldn't have put the ban in place. It's time we give student-athletes outside Nevada the same protection that Nevada athletes and athletic programs currently enjoy.

H.R. 3575 presents this committee with a choice: Ban amateur sports gambling and uphold the integrity of the game, while protecting the integrity of its players *or* run the risk of tarnishing the good name of amateur sports and the careers of talented student-athletes for years to come.

Mr. HYDE. Thank you, Mr. Graham.

I think we will recess now for the votes. I ask the members to hurry back after the second vote. If you will be at ease, we will hurry back. Thank you.

[Recess.]

Mr. HYDE. The committee will come to order.

I understand that our first three witnesses in the next panel, Coach Smith, Coach Holtz, and President Spanier, have previous engagements that are pretty firm. So if Congresswoman Berkley, Congressman Roemer, and Congressman Gibbons will indulge us, we will let them go next and then you can follow them, if you do not mind, as a courtesy to our witnesses. Thank you.

Our next panel will consist of four witnesses. First, Coach Tubby Smith, head men's basketball coach at the University of Kentucky. Coach Smith hails from Suitland, Maryland, and began coaching basketball at Great Mills High School in Great Mills, Maryland. Coach Smith led the University of Kentucky Wildcats to a national championship in 1998. And among many of the awards he has received, in 1998 he was named the National Coach of the Year by Basketball Weekly, he was named Coach of the Year by Associated Press, he received the Victor Award by the Black Coaches Association, and was named Kentucky Sportsman of the Year. This year Coach Smith will also serve as an Assistant Coach for the United States Olympic Basketball Team.

Next we have Coach Lou Holtz, head men's football coach at the University of South Carolina. Coach Holtz is only 1 of 15 collegiate men's football coaches to surpass the 200 victory plateau. In 1988, Coach Holtz led the Notre Dame Fighting Irish to a national championship and was named National Coach of the Year. The Notre Dame men's football team that year posted a 100 percent graduation rate, the highest in the Nation. Also in 1998, Coach Holtz was named the Walter Camp Football Foundation "Man of the Year" for his exemplary service to the game of football and to his fellow man.

Next we have Dr. Graham Spanier, president of Pennsylvania State University, and chairman of the NCAA Board of Directors and is a member of the NCAA's Executive Committee. Dr. Spanier received a bachelor's and master's degree from Iowa State University and a Ph.D. from Northwestern University in Chicago where he was a Woodrow Wilson Fellow.

Next we have Mr. Jim Delany, commissioner of the Big Ten Athletic Conference. Mr. Delany received a B.S. from the University of North Carolina and a juris doctor from the University of North Carolina School of Law. While studying at the University of North Carolina, he was a member of the men's basketball team and participated in two NCAA final four competitions. During his tenure

with the Big Ten, Mr. Delany has led nationwide athletic reform, including increased academic standards, cost containment, increased opportunities for female student athletes, and restructuring the NCAA in examining men's college football.

We welcome this most distinguished panel. I would ask you if you could restrict your written statement to about 5 minutes, we will not be punctilious but we would like it to be around then, and the rest of your statement will be made a part of the record. And this panel will get questioned.

So, Coach Smith, we are pleased to hear from you.

STATEMENT OF TUBBY SMITH, HEAD MEN'S BASKETBALL COACH, UNIVERSITY OF KENTUCKY

Mr. SMITH. Thank you, Chairman Hyde, Representatives Conyers, Graham, and other distinguished committee members. I want to thank you for this opportunity to speak to you today on behalf of college basketball coaches in America and the University of Kentucky of our concerns for gambling in college athletics.

You know, we love sports. I love coaching basketball. My life for the past 34 years has centered around the game of basketball. It has taken me all over the world. I have played and coached at the high school and college level, coaching at Kentucky and winning the national championship. It has afforded a lot of opportunities for me and my family.

It disturbs me greatly to see the game I love continually victimized by gamblers. Not a day goes by that I do not wake up thinking about that factor that could be involved in our sport and the influence that the illegal dollars that are made and can be wagered against our teams. These influences will destroy the integrity of the game I love and the image of our basketball program, and will also ruin the lives of so many of our young people.

I have seen first-hand how gambling can manipulate its way into college basketball. In my first college job at Virginia Commonwealth University in the early 1980's, in recruiting you try to find and work with people that are around kids to try to influence them. But these people have an influence on these young kids that you are not aware of. He was calling me, this person, who is a reputable person, runs a camp, was calling to find out how a young man was doing, was he healthy, how was the team today. Being naive, I did not realize why he was calling. But when I asked a colleague why I had become his friend, he understood it was because he was a gambler. So that was my first realization. Needless to say, I no longer provide injury information over the phone. Like others, it is my policy to publicly announce injuries to keep gamblers from gaining any inside information.

A few years ago I was coaching at Tulsa University and I missed out on a recruit, that ended up going to Northwestern. That young man later on was indicted and implicated in a point-shaving scandal. So there are things that are very close to home. That is a very sobering moment. This young man came from a very good family. It was not like he did not have much. But even the have and the have-not, the rich and the poor can be lured into point-shaving scandals.

As a basketball coach, I am not as concerned about organized crime as much as I am about the 30,000 students that we have on our campus who have access to our players. In nearly every case where gambling has created scandals in college athletics, a fellow student has influenced a student athlete to change the game's outcome. As many of you know, the first scandal broke in 1951, the University of Kentucky was one of the seven institutions implicated in the scheme that involved 32 student athletes to fix 86 basketball games. Our own Athletic Director, C.M. Newton was a part of that team and he knows first-hand. That is one of the things that he has talked to me about and to our team about on a regular basis is being aware of gamblers. Included in that group were all-Americans. In fact, they were from the "Fab Five." You are well aware, Chairman Hyde, there was another national title in 1949 and 1948 and 1951 they were banned from the sport of basketball for life. You can consider all of the millions of dollars they probably missed out on because this group had gone on to own a team in Indianapolis. And for what? For $50.00 handshakes. For a little money their lives were ruined.

Since that time, a point-shaving scandal has affected college athletics in every decade. In the 1990's they have increased at an alarming rate. At the University of Kentucky, Dr. Wethington, our President, chairs the NCAA Executive Committee, and our Athletic Director, C.M. Newton, have played an active role in opposing this threat. At Kentucky, we have made education seminars on the evils of gambling mandatory to all student athletes, coaches, administrators, and personnel. Our administration has brought in agents from the FBI and others connected with organized crime to talk to our student athletes.

Needless to say we are all very concerned that Kentucky could be the next school victimized by the growing trend. Last year we commissioned a survey of our student body and it revealed that nearly 11 percent of the students at Kentucky know someone on our campus that takes bets or operates as a bookmaker. And this is not just a campus problem. In the survey, 7 percent admitted placing bets with bookmakers. When asked where they placed that bet, only 10 percent placed the bet with a campus bookie, while 89 percent placed bets elsewhere. That is an alarming rate. Nevada is a long ways away. So 89 percent of our Kentucky students did not place illegal bets in the State of Nevada, so they had to do it somewhere.

One week ago our board of trustees at the University of Kentucky made the following amendment to the Code of Student Conduct. It made it a punishable disciplinary offense as providing information to individuals involved in organized gambling activities concerning intercollegiate athletics competition, or participating in any gambling activity that involved intercollegiate athletics or amateur athletics through a bookmaker, a parlay card, or any other method used by organized gambling.

Today, nothing is more popular than knowing the point spread. That is why we are so concerned about it. Gambling on college sports is not like underage drinking. It is a law that is seldom enforced and difficult to uncover. Never before has a point-shaving scandal been foiled before it occurred. Sports gambling, more than

any other factor, is the primary agent that can completely destroy the game itself.

So we ask that you, together with coaches, administrators, educators, that we protect the integrity of college sports and do all that we can to give these young people and these individuals who participate in the games this opportunity. Thank you for your time.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF TUBBY SMITH, HEAD MEN'S BASKETBALL COACH, UNIVERSITY OF KENTUCKY

Chairman Hyde, Representative Conyers, Representative Graham and other distinguished Committee members, thank you for the invitation to speak to you today on behalf of college basketball coaches and the University of Kentucky on the issue of gambling in college athletics.

Very simply put, basketball is a very important part of my life. I have spent the past 34 years either playing or coaching basketball, at both the high school or college level. For me, basketball is not just my vocation, it's my avocation. And it disturbs me tremendously to see the game I love, college basketball, destroyed by the world of gambling. Gambling, both legal and illegal; is prevalent in all walks of life and can now be easily accessed through various Internet sites, through bookmakers in each and every community, bookies on the campuses of every college and university, or within the one state where it's currently legal—Nevada.

Whether I was coaching at Tulsa, Georgia, or at arguably the most popular, most tradition-rich program in the nation—the University of Kentucky—I wake up each and every day with a concern that an outside factor, backed by thousands of illegal dollars, will attempt to influence one of my players into dictating the outcome of a ballgame. These influences, if successful, will destroy the integrity of the game I love, the integrity and the image of the program by which I'm employed, and also ruin the lives of all those involved.

When I first broke into coaching as an assistant at Virginia Commonwealth University in the early 1980s, I quickly learned how subtle, yet widespread, the problem of gambling on college sports existed. A very well-known figure in the sport of basketball, an individual who had close relationships with coaches across the nation and much of the top talent in the nation, began calling me for injury reports. Being naïve at the time, and just hoping to build a relationship with a man who could help our program land top recruits, I offered the information freely, until I noticed it was occurring each time we had an injury on our team. I finally asked another associate of mine why this individual was continuing to request this information and he spelled it out crystal clear to me . . . he was using the information to place bets on our games. Needless to say, I've never given out injury reports over the phone ever again. In fact, like the legendary Dean Smith and a number of other coaches, I make it policy to announce all injuries publicly to prohibit gamblers from gaining inside information that could affect their wagers.

As a basketball coach, I'm not concerned about organized crime infiltrating my program. I worry about the other 30,000 students on our Lexington campus. Among them, there are those that either bet on college games or operate as a student bookie. In nearly every case where gambling has created a scandal in college athletics, it has been a fellow student who has influenced a student-athlete to change the outcome of a game.

At the University of Kentucky, our school president, who also chairs the NCAA Executive Committee, Dr. Charles Wethington, and our athletics director, C.M. Newton, have played active roles in deterring gambling scandals on our campus. They are both longtime opponents to betting on college games—either by legal or illegal means—and have been outspoken in attempts to change policy.

As many of you know, the first major scandal occurred in 1951. In that year, 32 student-athletes from seven institutions were implicated in a gambling scheme to fix 86 basketball games. Included in that group were basketball stars from the University of Kentucky. Several were members of the original "Fabulous Five," who led the Wildcats to NCAA Championships in 1948 and '49 and the United States to the 1948 Olympic gold medal in London, England. All it took was one fellow student, one of their own classmates, who stepped forward and put cash in their hands all because they could set the final margin on the scoreboard by either coming in above, or below, the point spread.

Before they were implicated, these college All-Americans went on to create their own NBA team—the Indianapolis Olympians—who were later disbanded after these

players were banned from basketball for life. And for what? Fifty-dollar handshakes? They not only were forced out of the game they loved, but they ruined their chances of a financially secure future through both playing and owning an NBA franchise.

Since that time, a point-shaving scandal has effected college athletics in every decade. When it establishes its foothold, every type of player is at risk. The victim may be a poor individual from a humble background hoping for a chance to get rich quick. It may be a student-athlete that comes from a middle-class family, one that can afford the sport utility vehicle for their child, the same young man or young woman who has earned a college education on a full scholarship worth thousands of dollars.

A few years ago, as head coach at Tulsa University, I recruited a young man who turned down my scholarship offer and chose another university for which to attend. As in most recruiting battles, I was disappointed that I would not have the opportunity to coach this young man. Then in 1998, I learned that that same young man had been implicated in a basketball point-shaving scandal at Northwestern University. Members of the committee, for me, that was a very sobering moment.

Why? Because this young man came from a very well to do family, and I never once thought he could be involved with a crime so sinister that it could not only rock Northwestern University, it would rock the very foundation of college basketball.

One year ago, my oldest son completed his college career at the University of Georgia where he lettered four years. I have another son who is entering his senior season as a point guard for the Wildcats. Like my own father, I've never tolerated gambling in my family. But even during the 1960s and early '70s, when I was growing up, I did not have to battle the many influences of gambling that's so prevalent today. In Kentucky, like many states across the country, there are a number of gambling opportunities that are legal according to state and national law—horse racing, state lotteries, and riverboat casinos, just to name a few. With the Internet now readily available to most everyone, placing bets is even easier than contacting the local bookie.

But in my world of college basketball, nothing is more popular than the "line on the game." It's one of the main reasons I've quit reading the newspaper, and when I do, I always skip the agate section. Until recently, when Mr. Newton met with our local paper, the point spread for UK football and basketball games was printed in a highlighted box within the game-day story, just below the story headline, along with the start time, team records, series history and broadcast information.

At times my wife will make the comment to me at breakfast, "We should be OK in tonight's game," she'll say. "They've picked us to win." And my wife is not a gambler—she has never placed a bet on a college game in her life. For me, I'm afraid knowing the line of the game will affect how I coach the game. It's a worry all coaches have. Imagine this . . . what am I to do if I know that my team is favored by 17 points, and our outmanned opponent is trailing by 20 late . . . do I clear out my bench and play all my reserves or leave the regulars in a little longer? Just knowing the line as I make my decisions courtside could determine winners and losers all across the country. It's a very disturbing situation.

But coaches and student-athletes aren't the only individuals at risk. According to a survey of game officials by the University of Michigan, 84 percent of the 640 polled admitted wagering in some form since beginning their careers as referees. More than 20 percent admitted betting on the NCAA Tournament and two even admitted the unthinkable . . . that their knowledge of the point spread affected the way they called the game.

And that's where one of the problems exists. Point spreads for college games can be easily accessed in nearly every newspaper. No longer is it a simple matter of winning or losing. The question begs, Did your respective team cover? And for college sports, where is it legal to place a sports bet? In one lone state—Nevada.

Simply put, the basketball community at the collegiate level strongly opposes the whole issue of betting on college and amateur sports. It is an illegal act in 49 states. It needs to be illegal in all 50 states. That in itself creates confusion among the public. Most don't know that betting on college sports is illegal almost everywhere.

Gambling on college sports is a lot like underage drinking. It's a law that's seldom enforced and difficult to uncover. Never before has a point-shaving scandal been foiled before it occurred. Sports betting, more than any other factor, is the primary agent that can completely destroy the game itself.

This threat has not gone unnoticed at my institution. For the past 11 years, since Mr. Newton took over as athletics director, the University of Kentucky has required its coaches, student-athletes and support staff to attend education seminars on the dangers of gambling, sports betting and sports booking. We've brought in agents

from the Federal Bureau of Investigation, individuals who have served time for their connections to organized crime, former student-athletes who have been lured into point-shaving scandals and family members whose welfare has been jeopardized by actions of a loved one.

In addition, the NCAA has established rules regarding the illegality of sports betting. At Kentucky, we attempt to monitor our coaches, staff members and support personnel so that we remain totally compliant with NCAA rules and state and national laws.

Members of the Committee: This is a problem that affects us all. Within the last year at the University of Kentucky, our athletics department requested a survey of the student population on various issues including student gambling. Out of 22,800 students, including 16,000 undergraduates, the survey revealed that 10.7 percent of the population knows someone on our campus that takes bets or operates as a bookmaker.

Before you conclude that all the bets were placed on campus, our next survey statistic proves otherwise. Seven percent admitted placing a bet with a bookmaker. Of the seven percent who admitted placing a bet with a bookmaker, only 10 percent placed the bet with a campus bookie while 89 percent placed bets elsewhere. Now I've never taught geography, but I can assure you that very few of those 89 percent at the University of Kentucky placed bets legally in the state of Nevada.

One week ago today (June 6, 2000), at the Board of Trustees meeting at the University of Kentucky, the following amendment was made to the Code of Student Conduct. It declared that gambling activities be a punishable disciplinary offense. The offense includes:

> *Providing information to individuals involved in organized gambling activities concerning intercollegiate athletics competition; or participating in any gambling activity that involves intercollegiate athletics or amateur athletics, through a bookmaker, a parlay card or any other method employed by organized gambling.*

To my knowledge, the University of Kentucky is one of the first institutions of higher learning nationwide to extend the NCAA rule for student-athletes to the entire student body.

Other studies have shown clear connections that sports betting is tied with organized crime. What began in 1951 continues today at an alarming trend—eight scandals in the decade of the 1990s. With the billions of dollars being wagered on sports betting in this country, the pressure and temptations for someone to step over the line is greater than ever before.

In March, when I was coaching my team in the NCAA Tournament, $75 to $80 million was wagered legally in Nevada on college basketball. Who knows how staggering that figure was in illegal dollars wagered nationwide. And thanks to those billions of dollars, all it takes is one individual, one in the game of basketball where five see action, to make a play that can affect the outcome.

So what are the problems?

1. It's clear there's tremendous pressure brought about by all the money gambled on college sports betting. On college campuses, it's even more concentrated due to the number of student bookmakers and student gamblers.
2. There's also a lackadaisical approach to the issue by the general public. Few know the law—that betting on college sports is illegal in all states but Nevada.
3. There's an inability of local, state and federal officials to enforce the law.

If this legislation now under consideration is passed, it will help eliminate problems associated with betting on college and amateur sports. First, it will force the newspapers across the nations to stop publishing betting lines on college games. Second, it will end any confusion among the public that because sports' betting is legal in Nevada, it is or should be legal elsewhere.

In conclusion, illegal betting on college sports is not unique to college campuses. It's a societal problem. But we as educators, coaches and leaders in our respective states must be diligent in our attempts to influence our constituents to the evils of gambling. At the University of Kentucky, it's a continuous battle that we fight each and every day.

I'm here today to ask for your support, your personal involvement, to see that this bill to prohibit high school and college sports gambling in all states becomes law. Without this amendment, we cannot begin to address the problems of gambling on college sports. I plead with you, let's outlaw gambling on our young people, most of which are teenagers.

There was one door left open when the Professional and Amateur Sports Protection bill was signed into law nine years ago. I charge you to close and lock that door to protect the integrity of the games themselves, protect the programs that strive to be compliant and to protect the welfare of the individuals who participate in the games themselves.

Thank you.

Mr. HYDE. Thank you, Coach Smith.

Coach Holtz?

STATEMENT OF LOU HOLTZ, HEAD FOOTBALL COACH, UNIVERSITY OF SOUTH CAROLINA

Mr. HOLTZ. Thank you, Mr. Chairman, distinguished members of the committee. I truly appreciate the opportunity to appear before this committee. I watched the tape of the Senate committee hearing on this same subject when several members of this committee appeared and eloquently presented their points of view. After listening to so many educated people express their point of view in a convincing manner, I now understand that this is not a situation where one side has all the correct answers. I respect the opinions of the people who favor the status quo. But I firmly believe that eliminating an individual's legal opportunity to bet on a college football game is an absolute necessity. I arrive at this conclusion based on 40 years as a college coach and as an educator.

Washington, we have a problem.

The only possible solution relies on Congress to pass this legislation. I do not say this without a great deal of thought and meditation. Las Vegas is one of my favorite cities in the world. There is a reason why it is the fastest growing community, one of the most popular tourist spots, and an overwhelming favorite location for national conventions and conferences in the entire country. I enjoy visiting there. But my reasons for supporting this legislation are many and varied.

As the University of South Carolina football coach, I can assure you of my genuine concern about this gambling problem. We do everything we can to eliminate and educate our football players about it. But then you ask yourself, is this enough? I have been deeply affected by the recent scandal at Northwestern. I asked myself how could Kevin Pendergast be involved in a point-shaving scheme at Northwestern. After talking to his family, I still do not know. I have heard his name bandied about. No one has talked about his background. If you would indulge me and be kind enough, I would like to give you a few facts about a beautiful and talented young man who went astray. I ask, why?

Kevin Pendergast was a senior soccer player at Notre Dame. I had never met him. Late in the year when Notre Dame was playing Tennessee, we lost a great kicker by the name of Craig Hendrick, who is an all-pro punter to this day, with a leg injury. The following day the soccer coach called and reminded me that Kevin Pendergast could be a kicker. We accepted him on the team, but for the next four games he never appeared in a game.

We accepted a Sugar Bowl bid to play a great University of Florida team. Craig Hendrick would be able to kick in the game. We took only one kicker with us to New Orleans. Four days before the game, my daughter stayed at the University of Notre Dame, was out socializing when she ran into a fellow student, Kevin

Pendergast's brother. My daughter then informed me that Kevin's mother had cancer and was not doing very well. I said out of compassion, "Let's bring Kevin down for the game. It would be good for him but, more importantly, it would be good for his mother." We called, he came, he dressed.

Just before the half, Craig Hendrick was injured once again. Kevin was our only kicker. I was asked by ABC TV what would I do in the event of a field goal the second half, and I said we have no kicker. If you see us line up for a field goal, you will know it is a fake. We made a great comeback the second half; we were down by 10. We scored 32 points in the second half, and Kevin Pendergast kicked two critical field goals, made every single extra point, and was the hero of the football game. An individual who 4 days before had not even been with our football team. Kevin's mother died shortly after the outcome of the game. Kevin asked for a fifth year at the University of Notre Dame, which was granted. He kicked for us his last year.

When I think about Kevin Pendergast, I do not think about the games he won. I think about him as a talented, witty, caring individual with great morals and values. He could do a Ross Perot imitation that was worthy of being on prime time TV. [Laughter.]

Mr. HOLTZ. I looked forward to following his success. Four years later, he is in jail. Where did he go wrong? I do not know. He did say this could have never happened had he not had the opportunity to place the bet in Vegas because it is the only place that would cover the bet large enough.

I am a great believer that life is a matter of choices and choices have consequences. Kevin made the wrong choice, as did the basketball players who shaved points. Their lives will never be the same. Did legalized gambling force Kevin to do this? Absolutely not. However, I do believe that the choice and the opportunity to cheat a system and make some easy money was very enticing, and this decision has been made by people far too frequently.

People in general, and college students in particular, have the belief that betting on college athletics is okay because it is legal in Nevada. And it is not just confined to the athletes, it is confined to the student body as well. We have a problem with the student body. Many of them have ruined their lives because they have overgambled and got themselves in a situation where there is no other way out.

We will do a great disservice to the youth of this country if we do not take action now. To make it illegal to bet on college athletics will not solve the problem. We must stop all betting on the internet as well. I see no way that this could be accomplished without taking the first step to make betting on college athletics illegal in Nevada. If it is illegal to bet on college athletics in 49 States, why isn't it in the 50th State as well?

As a football coach, I have witnessed our football players be idolized, praised, and cheers after a win. I have also witnessed them being ridiculed, demonized, and ostracized after a win. The only difference was in one case we covered the point spread, in the other we did not. I think that we have to do everything we can to remove this temptation.

I will not take your valuable time to delve into such important reasons why this bill should be passed, such as the integrity of the game, the importance of getting the point spreads off the sports page, and the fact that the National Gambling Impact Study Commission recommended that we ban betting on college sports, and other important reasons as well. I will simply close with a phrase that I learned years ago and have observed as absolute truth through the years: Abuse leads to restriction.

We need restrictions because of the abuse that is being done to college students and athletes. Harry Truman, one of my heroes, said "The freedom to swing your fist ends where the other guy's nose begins." The freedom to bet on athletic events should stop when college contests start. The fact that many college students' lives have been altered for the worst because of gambling cannot be disputed. However, it must be prevented. I thank you.

[The prepared statement of Mr. Holtz follows:]

PREPARED STATEMENT OF LOU HOLTZ, HEAD FOOTBALL COACH, UNIVERSITY OF SOUTH CAROLINA

Mr. Chairman, distinguished members of the committee, I truly appreciate the opportunity to appear before the Committee. I watched a video tape of the Senate Commerce Committee hearing on this same subject prior to coming here today. Several Members present today appeared before the Senate Committee and eloquently presented their points of view. After listening to so many educated people express their points of view in such a convincing manner, I now understand that this is not a situation where one side has all the correct answers. Although, I respect the opinions of the people who favor the status quo, I firmly believe that eliminating an individual's legal opportunity to bet on a college football game is an absolute necessity. I arrive at this conclusion based on 40 years as a college coach and as an educator.

Washington, we have a problem.

The only possible solution is for Congress to pass legislation to prohibit legal gambling on college sports. I do not say this without a great deal of thought and meditation. Las Vegas is one of my favorite cities in the world. There is a reason why it is the fastest growing community in America, one of the most popular tourist spots, and an overwhelming favorite location for national conventions and conferences. I enjoy visiting there. But my reasons for supporting H. R. 3575 are many and varied.

As the University of South Carolina football Coach, I can assure you of my genuine concern about gambling on college sports. We do everything we can to eliminate and educate our football players about it. But then you ask yourself, is this enough? I have been deeply affected by the recent scandal at Northwestern. I asked myself, how could Kevin Pendergast be involved in a point-shaving scheme at Northwestern? After talking to his family, I still do not know. I have heard his name bandied about as this issue is discussed. To my knowledge, no one has talked about his background. If you would indulge me and be kind enough, I would like to give you a few facts about a beautiful and talented young man who went astray.

It was 1992, Kevin Pendergast was a senior soccer player at Notre Dame. I had never met him. Late in the year when Notre Dame was playing Tennessee, we lost a great kicker by the name of Craig Hendrick, who is an all-pro punter to this day, with a leg injury. The following day the soccer coach called and reminded me that Kevin Pendergast could be a good kicker. We accepted him on the team, but for the next four games he never appeared in a game.

We accepted a Sugar Bowl bid to play a great University of Florida team. Craig Hendrick would be able to kick in the game. We took only one kicker with us to New Orleans. Four days before the game, my daughter visited the University of Notre Dame and was out socializing when she ran into a fellow student, Kevin Pendergast's brother. My daughter then informed me that Kevin's mother had cancer and was not doing very well. I said out of compassion, "Let's bring Kevin down for the game. It would be good for him, but more importantly, it would be good for his mother." We called, he came, he dressed.

Just before the half, Craig Hendrick was injured once again. Kevin was our only kicker. I was asked by ABC TV what would I do in the event of a field goal the

second half and I said, "we have no kicker. If you see us line up for a field goal, you will know it is a fake."

We were down by 10 at the half but made a great comeback. We scored 32 second half points, and Kevin Pendergast kicked two critical field goals, made every single extra point, and was the hero of the football game. This exceptional performance from an individual who four days before had not even been a member of our football team. Kevin's mother died shortly after the outcome of the game. Kevin asked for a fifth year at the University of Notre Dame, which was granted. He kicked for us his last year.

When I think about Kevin Pendergast, I do not think about the games he won. Instead, I think about him as a talented, witty, caring individual with morals and values. In addition, he could do a Ross Perot imitation that was worthy of being on prime time TV. I looked forward to following his success.

Four years later, he is in jail. Where did he go wrong? I do not know. However, he did say this point-shaving incident could have never happened had he not had the opportunity to place the bet legally in Vegas. It was the only place that would have covered a bet that large.

I am a great believer that life is a matter of choices and choices have consequences. Kevin made the wrong choice, as did the basketball players who shaved points. Their lives will never be the same. Did legalized gambling force Kevin to do this? Absolutely not. However, I do believe that the choice and the opportunity to cheat a system and make some easy money was very enticing. This decision has been made by people far too frequently.

People in general, and college students in particular, have the belief that betting on college athletics is okay because it is legal in Nevada. And it is not just confined to the athletes, it is shared by the student body as well. We have a problem with gambling on college sports. Many people have ruined their lives because they have over-gambled and got themselves in a situation where there is no other way out.

We will do a great disservice to the youth of this country if we do not take action now. To make it illegal to bet on college athletics will not completely solve the problem. We must stop all betting on the Internet as well. I see no way that curbing betting on college sports can be accomplished without taking the first step to make betting on college athletics illegal in Nevada. If it is illegal to bet on college athletics in 49 States, why isn't it in the 50th State as well?

As a football coach, I have witnessed our football players be idolized, praised, and cheered after a win. I have also witnessed them being ridiculed, demonized, and ostracized after a win. The only difference was in one case we covered the point spread, in the other we did not. I think that we have to do everything we can to remove this temptation and to stop the pressure this betting places on our young people.

I will not take your valuable time to delve into all the important reasons why this bill should be passed, such as the integrity of the game, the importance of getting the point spreads off the sports page, and the fact that the National Gambling Impact Study Commission recommended that we ban betting on college sports. There are other important reasons as well. I will simply close with a phrase that I learned years ago and have observed as absolute truth through the years: *abuse leads to restriction.*

We need restrictions because of the abuse that has resulted from legal betting on college sports—college students and athletes are the victims. Harry Truman, one of my heroes, said "The freedom to swing your fist ends where the other guy's nose begins." The freedom to bet on athletic events should stop when college contests start. The fact that many college students' lives have been altered for the worst because of gambling cannot be disputed. However, it must be prevented. College sports is too important to the fabric of our society to jeopardize it. I urge this Committee to move quickly and pass H. R. 3575.

I thank you for this opportunity to appear before you today.

Mr. HYDE. Thank you, Coach Holtz.

Dr. Spanier?

STATEMENT OF DR. GRAHAM SPANIER, CHAIRMAN, NCAA DIVISION I BOARD OF DIRECTORS, AND PRESIDENT, PENNSYLVANIA STATE UNIVERSITY

Mr. SPANIER. Chairman Hyde, Representative Conyers, Representative Graham, and other distinguished members of the committee, thank you for inviting me to testify before you today on a

matter of great concern to the NCAA and the larger higher education community—gambling on college sports.

Mr. Chairman, as a player on the 1943 Georgetown University final four team, you had the unique opportunity to experience this special event from a student athlete's perspective. Unfortunately, Wyoming won the final 1943 championship game in New York City. But I am sure you recall that the game, like the final four championships before it and after, was about skill, athleticism, and maybe just a little bit of good luck.

For the players and fans alike, the exhilaration of winning or the disappointment of defeat was the final payoff. Our emotions are all tied up in the hopes and dreams of the young players who play the games, coupled with the pride and respect we feel for our alma mater or our hometown college team. We do not need anything more to enjoy these games. Gambling on the outcome of these games is not only unnecessary, it sells short the talent and hard work that the student athletes bring to the games. Further, gambling on the games always has the potential to jeopardize the integrity of this American tradition. In my 9 years as university chancellor and president at the University of Nebraska and now at Penn State, I have yet to hear genuine fans of intercollegiate athletics suggest that they watch collegiate contests because they can bet on the outcome of the games.

Gambling on college student athletes and the games they play, whether done in the sports books of Nevada or illegally in any other State, or on the internet is a problem. Gambling on high school, college, and Olympic sporting events should be prohibited in all States. This can be achieved by closing the loophole that exempts the State of Nevada from the Federal ban on gambling on college sports coupled with a ban on gambling over the internet, which has already been adopted by this committee, and enforcement of existing laws that ban gambling on the athletic success of our young people, we can address this growing and troubling problem.

The Student Athlete Protection Act will eliminate the use of Nevada sports books for game and point-shaving scandals, eliminate the legitimacy of publishing point spreads and advertising for point tout services, resensitize young people and the general public to the illegal nature of gambling on collegiate sports, remove the pressure that student athletes, coaches, and officials are under to beat the spread, and inevitably reduce the numbers of people who are introduced to sports gambling.

When it comes to college sports gambling, whether a wager is placed on the internet, with a neighborhood bookie, or in the most highly regulated casino in the world, the result is the same. There remains a potential for the integrity of the contest to be jeopardized. Opponents of this legislation say that the problem is not with legal sports gambling but illegal sports gambling. We say there is a problem with both.

For many years, the NCAA has been battling to reduce illegal gambling on college sports. NCAA's staff works with the FBI, local law enforcement, and campus officials to address the illegal side of the business. But it is hard when gambling on college sports is legal in one place and not in another. It puts us at an awful dis-

advantage fighting illegal sports gambling when legal sports gambling is glamorized. This not only sends a mixed message to the other 49 States, it gives gambling on college sports a celebrity status. We must tackle this problem on multiple fronts. We cannot stand by while this inappropriate activity threatens the integrity of college games, places college student athletes in a vulnerable position, destroys lives and campuses.

The Nevada gambling industry says that they have helped us identify gambling irregularities that have resulted in prosecutions. On one occasion, they assisted law enforcement in sending to prison the Arizona State basketball players who agreed to shave points on a game where over $1 million was wagered. But the industry did not detect the Northwestern game-fixing scheme which also utilized the legal Nevada sports books. And more important, they have never helped to prevent a scandal.

At a press conference in January to introduce the Senate companion to this legislation, the young man who masterminded the Northwestern gambling scandal told the press, "Without the option of betting money in Nevada, the scandal would never have occurred." He cited two reasons. "My local bookie could not have covered a $20,000 bet on a game that was fixed," and "my conscience would not let me cheat someone I knew."

Combatting gambling on college sports is tough work and the job is made tougher by the mere existence of a perfectly legal, deceptively glamorous open sports book on intercollegiate athletics in Nevada. The eliminate of legalized college sports betting in Nevada will make the task of waging war on illegal college sports gambling an infinitely fairer fight.

Since being enacted in 1992, the Professional and Amateur Sports Protection Act has been successful in halting the growth of State-sponsored amateur sports gambling. But the beachhead of legalized amateur sports wagering continues to hold in Nevada casinos and it blunts efforts of the NCAA and higher education to combat college sports gambling. The insidious effect of legalized wagering on college sports has been recognized by Nevada, as evidenced by the State's own regulations that prohibit betting on any Nevada team. Unfortunately for college sports gambling, the effects have crept far beyond Nevada. Other States' colleges and universities should be given the same protection.

The NCAA has even asked the Nevada Gaming Control Board to allow individual colleges and universities to petition to have their institution's name removed from the gambling boards of all of the State's 140 sports books operations. But that request was denied.

Throughout this debate the gambling industry has pointed a finger at the NCAA trying to shift attention away from the issue by minimizing the NCAA's own efforts to address sports gambling on our college campuses. The fact is that we have continued to increase our commitment in this area by: enlarging our gambling staff; conducting seminars with our membership; working closely with State and local law enforcement; adopting stringent no tolerance rules regarding sports gambling; producing educational materials, posters, and anti-sports gambling video tapes; broadcasting public service announcements during NCAA championship games; and working with members of the higher education community to

develop research on college sports gambling. The NCAA is committed to addressing this problem. But we cannot do it alone.

So for these reasons, the NCAA respectfully seeks your help in eliminating from the Professional and Amateur Sports Protection Act the exemption that allows the Nevada casino industry to operate collegiate sports betting schemes and thereby to jeopardize the integrity of sports in America. While we recognize that a ban on collegiate sports gambling will not eliminate all gambling on college sports, it is a significant start. Coupled with passage of legislation to ban betting over the internet, and more vigorous enforcement of existing State and Federal laws, we have a shot at curbing this detrimental activity.

The NCAA and the colleges and universities that support this legislation, along with the leaders of the high school community, higher education, and the United States Olympic Committee have no monetary interest in the outcome of this legislation. Our goal is to protect student athletes and remove the unseemly influences of sports gambling on our amateur athletes and the games they play. Thank you.

[The prepared statement of Dr. Spanier follows:]

PREPARED STATEMENT OF DR. GRAHAM SPANIER, CHAIRMAN, NCAA DIVISION I BOARD OF DIRECTORS, AND PRESIDENT, PENNSYLVANIA STATE UNIVERSITY

Chairman Hyde, Representative Conyers, Representative Graham and other distinguished members of the Committee, thank you for inviting me to testify before you today on a matter of concern to the NCAA and the larger higher education community—gambling on college sports. I am pleased to be able to provide you with the perspective of the NCAA and the over 1,000 college presidents and chancellors who serve as its members.

As college sports fans, our emotions are all tied up in the hopes and dreams of the young players who play college sports, coupled with the pride and respect we feel for our alma mater or home college team. We don't need anything more to enjoy these games—gambling on the outcome of college games is not only unnecessary, it sells short the talent and hard work that the student-athletes bring to the games and has the potential to jeopardize the integrity of this American tradition. In my nine years as a president and chancellor, I have yet to hear genuine fans of intercollegiate athletics suggest that they support collegiate contests because they can bet on the outcome of the games.

Gambling on college student-athletes and the games they play, whether done legally in the sports books of Nevada or illegally in any other state, or on the Internet is a problem. Gambling on high school, college and Olympic sporting events should be prohibited in all states and greater efforts should be taken to enforce existing laws that ban gambling on the athletics success of our young people. On behalf of NCAA colleges and universities, athletics conferences and affiliated athletics organizations, I thank you for your work on the Internet Gambling Prohibition Act, H.R. 3125 and ask for the Committee's help in moving forward the Student Athlete Protection Act, H.R. 3575.

Background—Congress Enacts Law to Prohibit Gambling on Amateur and Professional Sports.

In 1992, the Professional and Amateur Sports Protection Act (PASPA) was signed into law by President Bush to prohibit gambling on most sporting events. PASPA exempted four states that already conducted, or had enacted legislation that permitted them to conduct, sports gambling within their jurisdiction. Nevada was the only state at the time and, continues to be the only state, where legal gambling on college and Olympic sporting events is conducted. Our collective instincts were right in 1992 and we should have completed the job then. We should have made sports wagering illegal in all 50 states. Now, eight years later, there has been a blurring of the line between legal and illegal sports gambling in this country. Sports gambling has become such a part of the glamour of Las Vegas that it is fairly safe to conclude that many do not know that gambling on college sports is an illegal activity in virtually every state in the U.S.

National Gambling Impact Study Commission—Recommends Exemption be Eliminated.

In June 1999, the National Gambling Impact Study Commission (NGISC), comprised of bipartisan members appointed by the President and the leadership of the U.S. House of Representatives and U.S. Senate, issued their recommendations to Congress. Among the recommendations put forward by the Commission was that "betting on collegiate and amateur athletic events that is currently legal be banned altogether." In making this recommendation the Commission stated,

> "Sports wagering threatens the integrity of sports, it puts student-athletes in a vulnerable position, it can devastate individuals and careers."

We agree with the Gambling Impact Study Commission that legal gambling on college sports fuels the larger illegal sports gambling industry and should be discontinued.

Pending Legislation Closes a Loophole in 1992 PASPA Law—Helps Protect the Integrity of College Sporting Events.

H.R. 3575, the pending legislation, will remove any ambiguity associated with betting on college sports by making it clearly illegal to gamble on college games in every state. This will help curb the destructive and unseemly practice of gambling on the athletics success of our nation's young student-athletes. Nearly a billion dollars was bet legally in Nevada on college games last year. Although rare, the NCAA has experienced several high profile gambling related incidents involving student-athletes in the last decade. The most significant of these scandals involved money wagered legally in Nevada casinos. As the amount of money legally wagered on college sports escalates, the pressures on student-athletes to provide inside information on the team for gambling purposes or to "shave" points and fix games is bound to increase as well. The pending legislation will close the loophole of the 1992 legislation, aid in preserving the integrity of college sporting events, and assist in protecting student-athletes from pressures to influence the outcome of a game or contest.

While it is true that Nevada casinos have on one occasion been helpful in monitoring unusual shifts in wagering on college games, this hardly ensures protection from point shaving scandals. In fact, recent point shaving scandals have utilized Nevada sports books without being detected; the Northwestern University case is a prime example. A blanket prohibition on collegiate sports betting will reduce significantly the outlets available for placing wagers and, in doing so, will undoubtedly have an impact on the number of individuals gambling on the games. The fact is, even when the Nevada casinos helped identify the point shaving activity, it was after the fact. We are fearful that the scandals identified by the Nevada sports books are only representative of a larger problem of legal wagers on "fixed" games that largely goes undetected. We are not aware of the Nevada sports books ever having prevented a college gambling scandal from occurring.

Publication of Point Spreads in Most Newspapers Contributes to Illegal Sports Wagering.

According to the National Gambling Impact Study Commission report:

> "One reason Americans may not be aware of the illegality of sports wagering is that the Las Vegas "line," or point spread, is published in most of the 48 states where sports wagering is illegal."

H.R. 3575 will eliminate any justification for the publishing of point spreads (betting odds) on college games in our nation's newspapers. In addition, a ban on all collegiate sports gambling may help curtail the widespread advertising of sports handicappers' services (associated with college football and basketball) in newspapers, magazines and on television. Point spreads contribute to the popularity of sports wagering. In short, a uniform prohibition will re-sensitize the public to the corrupting nature of this activity and encourage newspapers to follow the lead of the *Washington Post*, which voluntarily refuses to publish the betting line on college games. Furthermore, the gambling industry points to Internet gambling as the future source of point spreads. Congress' passage of the Internet Gambling Prohibition Act would have a significant impact on U.S. access to online sports gambling sites.

Nevada Prohibits Betting on Any of Nevada's Own Teams to Protect the Integrity of those Events.

Nevada is currently the only state where collegiate sports gambling occurs. Proponents of Nevada sports books argue that regulated sports books pose little threat to the integrity of sports contests and that illegal sports gambling is the culprit. However, Nevada gaming regulations clearly recognize the potential danger that

legal sports gambling presents. The regulations not only prohibit Nevada sports books from accepting bets on college athletics events that occur in the state, but they also prohibit gambling on any games of Nevada institutions played outside the state's borders. Inexplicably, this protection does not extend to any of the institutions located in the other 49 states.

On February 11, the NCAA wrote to Steve DuCharme, chair of the Nevada Gaming Control Board. The letter specifically asked the Nevada Gaming Control Board to grant a request by a NCAA member college or university to have the institution's name removed from the betting boards at the Nevada sports books in much the same way the Nevada institutions were removed. In a March 20 response, the NCAA request was not granted. DuCharme merely said other institutions are afforded the same protections as Nevada's institutions because their home states don't allow betting on their own home teams. However, the letter failed to point out that other states, unlike Nevada, don't allow betting on any other states' teams either. With the ease of travel, the proximity of bettors to teams doesn't stop at a state line. For example, nothing prohibits someone from placing a $50,000 bet on a college game played outside Nevada and then attempting to pressure a student-athlete to influence the outcome of the contest. The same protections afforded Nevada teams should be provided to the teams of all states. In the case of Arizona State, over $1 million was bet in Nevada on the game played in Arizona.

Legal College Sports Gambling Operations Provide Avenue for Illegal Sports Gambling Money Laundering.

The legally and illegally wagered dollars on college sporting events are thought to be in the billions but no accurate data on the exact amount of illegal gaming on college sports is available. Complicating the matter is the money laundering of illegal sports book dollars through legitimate sports books. Steve DuCharme, Chairman of the Nevada Gaming Control Board, is quoted in a February 1999, *Sports Business Journal* article as saying:

> "We've taken steps to crack down on the amount of illegal money being laundered through legitimate sports books. We really have no way of knowing [how much is laundered through the legal sports books]. Based on transcriptions of wiretaps, it is millions of dollars."

These are clearly federal law enforcement issues, meriting a federal solution.

Discontinuation of College Sports Gambling Would Not Result in a Serious Threat to the Nevada Economy .

Fears that this legislation will be a "serious threat" to the Nevada economy are not supported by the facts. In 1999, approximately $2.3 billion dollars was wagered in Nevada sports books. Casinos retained $99 million, a little more than 3.5 percent of the total amount wagered on sports. According to Steve DuCharme, chair of the Nevada State Gaming Control Board, the amount kept by casinos on sports gambling is "very small" compared to other casino games. Furthermore, the amount wagered on college sports is only a little more then a third of the total. In an industry driven by billions of dollars (1999 total casino revenues were $10.1 billion), the elimination of collegiate sports gambling will have little impact on state revenues or on the casinos' bottom line. The amount bet on college sports is only 3/10 of one percent of overall casino revenues. In the midst of record growth in the Nevada casino industry, the proposed legislation will have virtually no impact on jobs.

The existence of legal sports gambling in Nevada is actually limiting the growth of the Nevada economy in some areas. Most amateur and professional sports leagues have policies against franchise location and events staged in Nevada because of the presence of sports gambling.

College Sports Gambling Serves as a Gateway for Youth to Addictive Gambling Behavior—Youth Gambling Problem is a Concern.

We are concerned that legal collegiate sports gambling fuels a much larger illegal collegiate sports gambling trade—impacting America's youth at an alarming rate. Sports gambling is a serious problem among teenagers under the age of 18. A recent Gallup Poll reports that teenagers say they start betting on college sports at age 10 and bet on college sports at twice the rate of adults. Called "the addiction of the 90's" by the American Academy of Pediatrics—their research indicates that there are over one million U.S. teens that are addicted to gambling. A recent Harvard School of Medicine report estimates that 6 percent of teenagers under 18 have serious gambling problems. In a June 1999 Gallup Poll, 18 percent of teenage respondents said they had bet on college sports, contrasted with 9 percent of adults who wagered on college games. The National Gambling Impact Study Commission report calls sports wagering "a gateway behavior for adolescent gamblers." Prohibiting col-

lege sports gambling everywhere in the U. S. would send a clear signal that the activity is illegal. In addition, a federal prohibition would put an end to the mixed message to our young people, limit exposure and reduce the numbers of people who are introduced to sports gambling.

NCAA takes Concrete Steps to Address College Sports Gambling—Adopts No-nonsense Policies and Education Outreach Programs.

The NCAA has not been sitting on the sidelines in confronting the sports gambling issue and has taken significant steps to address the very real problems associated with betting on college sports. The NCAA has established policies that prohibit all sports gambling by campus athletics personnel, student-athletes and NCAA employees. Student-athletes are not eligible to compete if they knowingly provide information to individuals involved in organized gambling activities concerning intercollegiate athletics competition; solicit a bet on any intercollegiate team; accept a bet on any intercollegiate team; accept a bet on any team representing the institution or participate in any gambling activity that involves intercollegiate athletics through a bookmaker, parlay card or any other method employed by organized gambling. Similar expectations apply to coaches, athletic directors and NCAA staff. Recently, the NCAA instituted background checks on men's and women' s basketball game officials. This was done to insure that the game officials have not been involved in sports wagering issues. In addition, the NCAA sponsors: educational programs; works with campus administrators to conduct sports wagering workshops; broadcasts anti-sports-gambling public service announcements during our championship games aired by CBS and ESPN; has entered a partnership with the National Endowment for Financial Education, to produce a booklet entitled, "Don't Bet On It," to educate students about the dangers of sports gambling and to acquaint them with good financial management strategies and is working to develop research in the area of youth gambling and campus gambling.

The NCAA and its Membership Are Committed To Improving Student-Athlete Experience.

Opponents of the pending legislation to prohibit gambling on college sports in all states criticize the NCAA for reaping profits from college sports while not investing more in gambling prevention programs. As mentioned above, the NCAA does support a number of programs that address the sports gambling issue. In addition, a portion of the NCAA's revenues fund programs such as the student-athlete assistance fund, graduate assistance fellowships, life skills education, clinics for disadvantaged youth and many other programs designed to support and enrich the college experience for student-athletes. The NCAA's 81 championship events for men and women at the Divisions I, II and III level are funded through the television rights revenues. However, the vast majority of NCAA revenues are returned to NCAA Divisions I, II and III member colleges and universities to help support their athletics programs. It costs $3.4 billion every year for our member schools to provide the more than 335,000 student-athletes with opportunities to play college sports. Even with the money generated by television and marketing rights fees, there still isn't enough money to pay the bill out of more than 970 programs, the number of athletics programs not being subsidized is smaller than 70. That said, the NCAA and its member schools continue to examine ways to provide student-athletes with more support and enrichment opportunities, including gambling related education, research and outreach activities.

States' Rights Concerns.

Sports gambling already is a recognized federal issue with federal jurisdiction. In 1992, President Bush signed the Professional and Amateur Sports Protection Act (PASPA) (28 USC Section 3701 et seq.). PASPA prohibits the expansion of state-sanctioned, authorized or licensed gambling on amateur sports. In addition, because college sports gambling clearly has a substantial effect on interstate commerce, Congress has the authority to legislate in this area. Unfortunately, the 1992 PASPA legislation "grand-fathered" (i.e., exempted) several states (Nevada, Oregon, Montana and Delaware) that already conducted, or were contemplating, some form of amateur sports gambling within their respective jurisdictions. While PASPA created a federal law prohibiting states from sponsoring, operating, licensing, advertising or promoting college sports gambling activities, the "grand-fathered" states were allowed to continue to permit such gambling within their borders. The proposed federal legislation would eliminate the exemption for the above states as it relates to high school, collegiate and Olympic sports gambling. Furthermore, the position held by the gambling industry that one can bet on games of other states but protects their own state tramples on the rights of other states.

Legislation Proposed to Address Illegal Gambling on College and Amateur Athletics.

We are aware of two other pieces of legislation pending before the Judiciary Committee that address sports gambling on amateur athletics events. Both concern illegal gambling on college and amateur sporting events and were introduced by members of the Nevada congressional delegation following the introduction of H.R. 3575. Although the bills were intended by their sponsors to deflect attention from the troublesome aspects of Nevada's legal sports books, there are aspects of the bills that warrant further discussion.

- "Combating Illegal College and University Gambling Act," H.R. 3800, was introduced on March 1, 2000 by Representative James Gibbons, R-Nevada. It calls for the Attorney General to establish a panel composed of federal, state and local government law enforcement officials to conduct a study of illegal college sports gambling. In addition to the study, the panel is required to submit a report to Congress within one year with recommendations on what can be done, primarily by the NCAA, to combat illegal sports gambling on campuses. The study would examine the scope and prevalence of illegal gambling on college sports, enforcement of existing laws, and what colleges and universities are doing to combat illegal gambling on campus. The report to Congress would make recommendations on actions colleges and universities and the NCAA could take to address gambling on campuses, educational programs the NCAA could implement, federal and state legislative actions that could be taken and other private sector actions to address the issue of illegal gambling on college sports.

  As I said earlier in this statement, gambling on amateur sports, whether done legally in the sports books of Nevada or illegally elsewhere, always has the potential to jeopardize the integrity of the events. The NCAA believes the best strategy to deal with the problems associated with college sports gambling is threefold: close the loophole that allows legal gambling to continue in Nevada, adopt legislation currently pending to prohibit gambling over the Internet and enforce existing laws regarding illegal gambling. This strategy, coupled with extensive efforts the NCAA is already undertaking to educate student-athletes and conduct research, will make a significant impact on this growing problem.

  To the extent that H.R. 3800 addresses the enforcement of existing laws, it is welcomed. In addition, one of the legislation's goals—to determine what factors influence attitudes about illegal gambling particularly among young people—could provide valuable information. As H.R. 3800 states, the NGISC only studied the impact of legal gambling activity in the United States. A study of the illegal industry would complement the findings and recommendations of the NGISC. However, H.R. 3800 totally ignores the role the U.S. Department of Education should play in studying youth gambling issues or in recommending education-related policy. Further, the study fails to examine the role of Nevada's sports books in promoting illegal sports gambling activity, including through the illegal laundering of millions of dollars through the legal sports books and the publication of point spreads in newspapers across the country based on the Nevada betting line. If the Committee moves forward with this legislation, we urge you to amend it to include elements to make the study truly meaningful.
- "Illegal Sports Betting Enforcement Act," H.R. 4284 was introduced on April 13, 2000 by Representative Shelley Berkley, D-Nevada. H.R. 4284 would authorize $3 million in the first year and $5 million for each succeeding year to fund a Justice Department task force to enforce existing federal laws relating to amateur sports betting and contests. The task force would be charged with providing Congress with a report on violations of such laws on an annual basis. In addition, H.R. 4284 would increase penalties for violations of existing sports gambling statutes. Further, the bill would require the Justice Department to conduct a study on the extent to which minors are involved in illegal sports gambling activity. H.R. 4284 concludes with a "Sense of the Congress" proclamation primarily intended to direct the NCAA to "fix" the crisis that has arisen in the U.S. related to gambling on the athletics success of our young student-athletes.

  The NCAA supports all efforts to increase enforcement of existing federal and state laws related to gambling on amateur athletes. However, we are not in a position to know if penalties for violations of existing laws should be increased. A study of the extent to which minors are gambling would provide valuable information and would supplement research already provided by the American Academy of Pediatrics on the crisis that youth gambling has be-

come. Unfortunately, H.R. 4284 takes the same approach as H.R. 3800 in thinking that the NCAA alone can reign in this massive and complicated problem. Both pieces of legislation, unfortunately, miss the point. More examination of the role the legal sports gambling industry plays in promoting the illegal side of the business would be time well spent.

Conclusion

Since being enacted in 1992, the Professional and Amateur Sports Protection Act has been successful in halting the growth of state-sponsored amateur sports gambling. But the beachhead that legalized amateur sports wagering continues to hold in Nevada casinos blunts efforts of the NCAA and higher education to combat college sports gambling. The insidious effect of legalized wagering on college sports has crept far beyond the Nevada state line. Even though sports gambling is illegal in nearly every state, point spreads on college games are published in newspapers across the country, bookies are common fixtures on college campuses and new technologies allow bets on college games to be placed over the Internet or in a casino in innovative ways. The dollars involved are big and escalating every year. By clearly making gambling on college sports illegal everywhere and all the time, we will strike a significant blow against an activity that threatens the integrity of college sport.

This nation's college and university system is one of our greatest assets. We offer the world the model for postsecondary education. Betting on the outcome of college sporting events tarnishes the integrity of sport and diminishes the esteem in which we, and the rest of the world, hold U.S. colleges and universities. For these reasons, the NCAA respectfully seeks your help in eliminating from the Professional and Amateur Sports Protection Act the exemption that allows the Nevada casino industry to operate collegiate sports-betting schemes and thereby to jeopardize the integrity of sport in America. While we recognize that a ban on collegiate sports gambling will not eliminate all gambling on college sports, it is a significant start. If we miss this legislative opportunity, the job of fighting illegal sports wagering elsewhere will be infinitely more difficult. The NCAA, and the colleges and universities that support this legislation, along with the leaders of the high school community, higher education and the U.S. Olympic Committee have no monetary interest in the outcome of this legislation. Our goal is to protect student-athletes and remove the unseemly influences of sports gambling on our amateur athletes and the games they play. We look forward to working with you to close the gap that has not only allowed legal betting on college sports to continue but also fuels illegal betting on college games.

Mr. HYDE. Thank you, Dr. Spanier.

Mr. Delany.

STATEMENT OF JAMES E. DELANY, COMMISSIONER, BIG TEN CONFERENCE

Mr. DELANY. Thank you. Chairman Hyde, Representatives Conyers, Graham, distinguished members of the committee, thank you for allowing me the opportunity to testify in support of H.R. 3575, the Student Athlete Protection Act.

For the past 21 years I have been a Conference Commissioner at the Big Ten and Ohio Valley Conferences. My involvement in intercollegiate athletics began more than 3 decades ago at the University of North Carolina where I had the privilege of playing under Coach Dean Smith. I was fortunate enough to be a tri-captain and a two-time participant in the NCAA final four.

It is not often that the Big Ten thinks of themselves as the 16th seed. But in today's competition advocating for amateur athletes versus the powerful gaming commission, I am not sure how confident we feel about our success in this matter, but we do feel strongly about it.

Sports has been p[illegible]t of my life since I was a young boy. My dad was a high school co[illegible]ch in New Jersey. He instilled in his players the belief that integrity, competitiveness, and teamwork were criti-

cal elements of success. As a young person, I was generally uninformed about the connection between gambling and sports. Shoeless Joe and the Black Sox scandals were before my time.

However, as an 11-year old growing up in South Orange, New Jersey, my wonder years were interrupted by a gambling scandal in our hometown university and my father's alma mater, Seton Hall University. Our local newspaper, the Newark Star Ledger, chronicled on its front page two university players accused of gambling infractions being led out of their dorms by FBI agents. Needless to say, that made quite an impression on an 11-year old. Even as a youth I did not understand the notion of shaving points; however, I did understand the concept of cheating. The behavior of these two college students tarnished not only their own reputation for integrity, but also that of their team and university. In addition, their illegal actions victimized their family, friends, and community. Gambling is not a crime without victims.

I was further made aware of gambling's effects when I became a student athlete at the University of North Carolina and learned of incidents from Coach Smith that touched the university and the Atlantic Coast Conference in the early 1960's.

The prevalence of gambling continues to escalate. In August 1999, the AAP News reported that one million teenagers are addicted to gambling. Sixty-six percent of the teenagers gamble regularly, which represents a 3,000 percent increase since 1964.

On behalf of the Big Ten Conference, I annually communicate the message to our 7,000 athletes about the consequences of gambling, including the possibility that any student athlete could become implicated in a gambling scam. The Big Ten has adopted a "zero tolerance" policy; yet, despite our efforts to educate and monitor our young people, a Big Ten institution was touched by gambling with the 1998 Northwestern men's basketball and football gambling scandals. It is important to note that the money wagered on these games was done so legally in a Nevada casino. In fact, according to Kent Hoover, the Washington Bureau Chief for the American City Business Journals, Kevin Pendergast, the leader of the point-shaving scandal and the former Notre Dame football kicker, said he would not have attempted his point-shaving scheme if he had not had the opportunity to place his $20,000 bet legally at a Las Vegas casino instead of with an illegal sports bookie in his hometown. A casino is a "faceless business," Pendergast said, a place where he could "pull one over" in a "cowardly sort of way."

Nevada officials assert that they are an important partner in identifying game fixing scandals. However, in reality the presence of legalized gambling in Nevada was the accomplice in the Northwestern scandal. Without the opportunity to gamble legally, Pendergast, the fixer, inferred that this incident would not have come to fruition. To our knowledge, Nevada officials have never prevented a college sports gambling wager.

Another unfortunate anecdote and one that encapsulates the problem revolves around a phone call I received 4 years ago from a person who had just laid a wager on a Big Ten men's basketball game. He wanted to let me know that he had heard in the line at a Vegas casino that this game had been tainted by point-shaving. Without knowing who this person was, that it was just an anony-

mous call, we had to go and secure the help of a Chicago law firm white collar crime experts and follow up with officials, players, and coaches of those two institutions that cost us over $70,000 to fully investigate. We were not able to identify that the game was fixed, but it shows that the question of integrity and the question of legalized gambling is addressed when we have knowledge to so do.

Legal and illegal gambling has its victims. We ought to do everything we can to protect high school and college players from becoming targets for what appears to be a growing fascination with and addiction to gambling by the American public. The situation is bad and it has gotten worse. It is our view that we must wager a three-front war—eliminate legal gambling on amateur sports, prosecute illegal gambling, and regulate internet gambling. Only then can we take a step back from the pernicious influence of gambling on amateur sports in America. It will take a concerted effort on the governmental level to diminish the threat posed by amateur sports gambling.

If legalized gambling does not present a threat to the integrity of college sports, why does the Nevada Gaming Board prohibit gambling on their own collegiate teams and events? Should not all amateur sports be provided the same protection Nevada provides to institutions of higher education located in that State?

The continued growth of internet gambling is another major concern facing intercollegiate athletics. The House Judiciary Committee recently adopted legislation to prohibit all gambling over the internet. Our strategy to wipe out college sports gambling is three-fold—close the loophole that allows legal gambling on college sports to continue in Nevada, enforce existing laws against illegal gambling, and ban betting on amateur sports over the internet.

If we have to have gambling, can't we limit it to the numbers, dogs, and horses and exclude young people who are participating in Olympics, college sports, and high school athletics. Thank you very much.

[The prepared statement of Mr. Delany follows:]

PREPARED STATEMENT OF JAMES E. DELANY, COMMISSIONER, BIG TEN CONFERENCE

Chairman Hyde and members of the Committee, thank you for allowing me the opportunity to testify in support of H.R. 3575, the "Student Athlete Protection Act".

For the past 21 years I have been a Conference Commissioner at the Big Ten and Ohio Valley Conferences. Prior to becoming a Commissioner I worked in NCAA Enforcement and was employed by the North Carolina Department of Justice. My involvement in intercollegiate athletics began more than three decades ago at the University of North Carolina where I played basketball under Coach Dean Smith and was a tri-captain and two-time participant in the NCAA Final Four. I continued my formal education at North Carolina and received a Juris Doctorate degree in 1973.

Sports have been a part of my life since I was a young boy. My father was a high school basketball coach in New Jersey. He instilled in his players the belief that integrity, competitiveness and teamwork were critical elements of success. As a young person I was generally uninformed about the connection between gambling and sports. Shoeless Joe and the Black Sox scandal were before my time.

Gambling on high school and college sports has its victims. Both legal and illegal gambling invites corrupt behavior by student-athletes, coaches and officials and generally raises questions in the minds of the public about the integrity of an event's outcome. By making the practice of gambling on kids legal we are suggesting to the public that the games they are observing might not be legitimate athletic contests, but instead, may be part of a choreographed charade.

As an 11-year old growing up in South Orange, New Jersey my wonder years were interrupted by a gambling scandal involving my father's alma mater Seton Hall University. Our local newspaper, the Newark Star Ledger, chronicled on its

front page two university players accused of gambling infractions being led out of their dorm rooms by FBI agents. Even as a youth I did not understand the notion of "shaving points"; however, I did understand the concept of cheating. The dishonest behavior of these two college students tarnished not only their own reputation for integrity, but also that of their team and university. In addition, their illegal actions victimized their family, friends and community. Gambling is *not* a crime without victims.

I was further made aware of gambling's effects when I became a student-athlete at the University of North Carolina and learned of incidents that touched the university and the Atlantic Coast Conference in the early 1960's.

The prevalence of gambling continues to escalate. In August 1999, the *AAP News* reported that one million teenagers are addicted to gambling. Sixty-six percent of teenagers gamble regularly, which represents a 3,000 percent increase since 1964.

On behalf of the Big Ten Conference, I annually communicate a message to 7000+ student-athletes about the consequences of gambling, including the possibility that any student-athlete could become implicated in a gambling scam. Big Ten administrators have adopted a "zero tolerance" policy; yet despite our efforts to educate and monitor our institutions' young people, a Big Ten institution was touched by gambling with the 1998 Northwestern men's basketball and football gambling scandals. It is important to note that the money wagered on these games was done so *legally in a Nevada casino.* In fact, according to Kent Hoover, Washington Bureau Chief for American City Business Journals, Kevin Pendergast, the leader of the point-shaving scandal and former Notre Dame football standout, said he would not have attempted his point-shaving scheme if he had not had the opportunity to place his $20,000 bet legally at a Las Vegas casino instead of with an illegal sports bookie in his hometown. A casino is a "faceless business," Pendergast said, a place where he could "pull one over . . ." in "a cowardly sort of way."

Nevada officials assert that they are an important partner in identifying game fixing scandals. However, in reality the presence of legalized gambling was the accomplice in the Northwestern scandal. Without the opportunity to gamble legally, Pendergast, the fixer, inferred that this incident would not have come to fruition. To our knowledge, Nevada officials have never prevented a college sports wagering scandal.

Legal and illegal gambling has its victims. We ought to do everything we can to protect high school and college players from becoming targets for what appears to be a growing fascination with and addiction to gambling by the American public. Recent studies conducted by the University of Michigan and the University of Cincinnati provide support for the growth of gambling and its impact on student-athletes and institutions. The situation is bad and it has gotten worse. It is our view that we must wage a three-front war: eliminate legal gambling on amateur sports, prosecute illegal gambling and regulate internet gambling. Only then can we take a step back from the pernicious influences of gambling on amateur sporting events in America. It will take a concerted effort on the governmental level to diminish the threat posed by amateur sports gambling.

If legalized gambling does not present a threat to the integrity of collegiate sports, why does the Nevada Gaming Committee prohibit gambling on their own collegiate teams and events? Should not all amateur sports be provided the same protection Nevada provides to institutions of higher education located in that state?

Critics will suggest that eliminating legal betting on college sports will simply increase illegal betting and organized crime. Proponents of this legislation are aware that illegal gambling on college sports exists. However, there is no evidence to suggest that those who gamble legally will seek out a local illegal bookie if legal sports betting were banned in Nevada. In fact, we believe that closing the legal venue will greatly reduce game fixing attempts because it is difficult to bet large sums of money with a local bookie on a game that is fixed. Not only would the local bookie have difficulty taking a large bet, the local bookie is less able to cover the payout on a game that was fixed.

The continued growth of internet gambling is another major concern facing intercollegiate athletics. The House Judiciary Committee recently adopted legislation to prohibit all gambling over the internet. Our strategy to wipe out college sports gambling is threefold—close the loophole that allows legal gambling on college sports to continue in Nevada, enforce existing laws against illegal gambling and ban betting on amateur sports over the internet.

The college educators, administrators, coaches and students who support H.R. 3575 will receive no financial gain if this legislation passes. They are taking a stand to protect young people and the integrity of intercollegiate and scholastic athletics.

Thank you.

Mr. HYDE. Thank you very much, Mr. Delany.

We now will ask questions. I would plead with the members to be succinct.

Mr. Conyers.

Mr. CONYERS. Mr. Chairman, I want to begin by thanking all of these witnesses, especially Coach Tubby Smith who has brought home to me how prevalent this possibility, this fear is in the life of a coach. That every day you are looking, you are on the alert, you are watching, you are always apprehensive that this might be the game coming up that something goes wrong. I think that was a very dramatic presentation. I appreciate your perspective very much.

The Newspaper Association of America has written to us in the committee to indicate that the newspapers are going to continue publishing point spreads even if we enact the bill before us. What I wanted to do was just find out from you, Coach Smith, does this mean that our legislation may not achieve its purpose?

Mr. SMITH. I would not necessarily say it would not achieve its purpose. In our society today, my wife for instance, I remember one morning before a game she said "We should be okay tonight." I said, "What do you mean?" She said, "We are favored" by so many points. She doesn't bet at all. But that is how easy people get caught up in following their teams. And they love their teams. At Kentucky, we have one of the most revered basketball programs in America. And that is exactly what happens, every day you think about it, you worry about whether your players understand that they have the integrity to do the right thing. It is tough to do.

But I would hope that this would have some influence, if we can get this passed, that it would kind of limit the point spreads in the paper. I think it would have a big impact.

Mr. CONYERS. *The Washington Post* has already refused to print these point spreads. I think many other newspapers, out of a sense of profound integrity, would do the same thing. This case is clear, crystal clear as to what the problem is. Now we come to the solutions.

Dr. Spanier, I want to tell you that some of us in the Congressional Black Caucus have been working with the NCAA from years back when we started a National Organization for Athletic Development from just playing tennis during the Congressional Black Caucus weekend. We got hooked up with one of your great NCAA people, Richard——

Mr. SPANIER. Richard Lapcheck.

Mr. CONYERS. Richard Lapcheck, thank you. We really began to understand the problem. We met with African-American coaches who brought their concerns to us when they were talking about admission qualifications that were going to hit so many athletes of color.

Can you help me sort out the arguments that may exist still about us doing something. I think the question really before the Congress is what should we do. If you could give me an indication of where you see any other proposals coming from, I would be happy to hear from you on behalf of your organization.

Mr. SPANIER. I think the legislation before you is important and I would urge its passage. But that is not the total solution. Indeed,

the NCAA has a role, and our more than 1,000 member institutions have a role. So I think it has to be a multi-pronged attack.

What the legislation would do, of course, would be to make the legalized part of the gambling not permissible any more, and that would help us on a number of fronts. Removing the point spreads from the newspapers is not necessarily going to be mandatory. What the newspaper associations have said is that that would be a decision made by each individual newspaper. I would understand that. You are still going to open up the newspaper and have every sports columnist saying I am favoring Penn State by a touchdown this weekend. But that is very different from having an official point spread determined by the odds of the betting schemes that have to be put out there.

The majority of people look at the point spreads just out of curiosity. But about one out of ten of the people, according to surveys, are looking at those point spreads specifically for the purpose of making a bet, legal or illegal. That is one area where the legislation will help. I think other newspapers will follow in the footsteps voluntarily as *The Washington Post* did.

The NCAA has a role, too. That is why we have beefed up our staff, we have beefed up the penalties of our own players. We have gone through a basketball reform process. At our last board of directors meeting we put a new set of policies in place which includes much stricter penalties for gambling as well. And, of course, back at each of our own universities, many of us have educational and counselling and other intervention programs to help out in this area.

Mr. CONYERS. Let me ask you, do you see us working out a proposal with our colleagues Representative Berkley or Representative Gibbons in terms of some legislative cooperation here?

Mr. SPANIER. I certainly hope so. I think that any legislation that you can agree on and put in place that does away with what we would describe as the loophole that allows for legal gambling is important. Of course, we are very worried about the growing incidents of internet gambling as well. We know you are supportive of dealing——

Mr. CONYERS. Absolutely. Thank you so much.

Mr. HYDE. Thank you.

Mr. Gekas, the gentleman from Pennsylvania.

Mr. GEKAS. Thank you, Mr. Chairman.

Dr. Spanier, a few years back I would have been able to grill you mercilessly here. But since you assimilated Dickinson School of Law, where I graduated, now I have a conflict of interest because you are my president. But I still want to ask you a couple of questions.

In your statement, you stated that passage of this legislation would allow a fairer fight, implying to me that you recognize that no matter whether this legislation passes or not, gambling would still be a part of the scenario on most college campuses, and that wherever gambling is now extant, there would be no real diminution of activity. It would simply, in my judgment, and this is what I ask you to critique, by suppressing Nevada, elevate 49 other States with respect to the gambling components therein, the activi-

ties that occur therein are more empowered, are they not, when Nevada is off the scene. Is that a false logical conclusion?

Mr. SPANIER. I do not think we know the answer to that. Our battle is not with the concept of gambling, per se. We would like to see the reduction of the influence, legal or illegal, that surrounds teenagers, that surrounds interscholastic and intercollegiate sports. And whether it is legal or illegal gambling, it surrounds us with challenges which all four of us here have described.

So we feel that this is one important aspect of helping us deal with the issue generally. We are not concerned about the individuals participating in office pools. We do not want to become the office pool police, nor do we think that should occur. We are concerned about the large, organized approaches to gambling, the betting lines, the unsavory influences that creep in around intercollegiate athletics when we have the kind of system that we do.

Mr. GEKAS. But that is my point. I wonder whether or not these conglomerates of gambling in the individual States, who will not cease their activities but who after this legislation passes may not have that nexus with Nevada, would establish their own enterprise and conduct them surreptitiously or illegally, whatever term we want to apply, and the temptation to the students and to the athletes remains in place. I hope that is not the outcome, but I am just worried about that.

Mr. SPANIER. In discussions with our chief of police, for example, at Penn State, we have gone back and looked at the history of infractions and enforcement on our campus. We had four incidents, for example, in 1996 where individuals at Penn State football games were caught, and we referred them to the State Police, were caught at telephones placing bets on the outcome of Penn State's football game with bookies located at distant sites who were betting on lines available at Las Vegas and placing those bets through casinos at Las Vegas. This is not students in the dorm room betting a couple of dollars with your roommate. It is something at a different level and was made possible by the existence of these point spreads and the opportunity to place a bet through a casino through legal gambling.

Those are the kinds of influences we would like to get away from our athletic programs and away from our stadiums. What the other unintended consequences would be, I do not know. But we think this is an important start.

Mr. GEKAS. I yield back the balance of my non-time.

Mr. HYDE. Thank you.

The distinguished gentleman, and quite a baseball pitcher, too, from North Carolina, Mr. Watt.

Mr. WATT. Thank you, Mr. Chairman. I will be very brief.

I welcome the witnesses. I just wanted to ask one clarifying question of Mr. Delany. Did I understand correctly that in Nevada betting on Nevada institutions is prohibited?

Mr. DELANY. That is my understanding.

Mr. WATT. I will pursue that further with subsequent panels. I guess it is unfair of me to ask you who would think this would be an irrational policy, what the supposed rational for that is.

Mr. DELANY. It is our understanding that the Nevada Gaming Board has prohibited gambling in Las Vegas casinos on intercolle-

giate athletics sponsored by higher education institutions in that State. It is also my understanding that the NCAA has requested of that Gaming Control Board similar treatment by other higher education institutions located in the other 49 States. Again, it is my understanding that request for similar treatment has been denied.

Mr. WATT. Do you have an understanding of what the rationale is for that distinction?

Mr. DELANY. We have a copy of exchange of correspondence between the NCAA and the Nevada Gaming Control Board that I think expresses their rationale, not ours. But I understand that it is the location of the event vis a vis the casino; that there is a distinguishing feature from their standpoint. Our position would be, of course, that people travel by airplane, make telephone calls, et cetera, and our games are as likely to be influenced as games that are played by institutions located in Nevada.

Mr. WATT. Thank you, Mr. Chairman. I think I will yield back in the interest of time and pursue this with perhaps some of the representatives from Nevada.

Mr. HYDE. Thank you very much, Mr. Watt.

The gentleman from North Carolina, Mr. Coble.

Mr. COBLE. Thank you, Mr. Chairman. Mr. Chairman, this is a moment of nostalgia for me. I recall having seen Coach Smith play basketball as a collegian at High Point College in my district. I remember the Lou Holtz days of N.C. State. Mr. Delany and I have a North Carolina common connection. And Dr. Spanier, I am very high on your football coach, so that brings you in the loop as well, and he is from Pennsylvania.

Merle Haggard, the country balladeer, once recorded a song entitled "The Kentucky Gambler." No offense, Coach Smith, to you on this one. But in that song he portrays a man whose life is ruined as a result of gambling. He concludes this somber tale, Mr. Chairman, with these words: "But a gambler loses much more than he wins." I think probably we would all agree to that.

Let me put this question to the two coaches. Is it your belief that athletes are more susceptible to gambling as opposed to other students?

Mr. HOLTZ. I do not know necessarily if they are more inclined to gamble, but I think that gambling affects them more than any other students because of the outcome of the game, because of the pressure, because of the different influences as well. Many times some people may have a weakness for gambling just as some may have a weakness for drugs, et cetera. I definitely believe that gambling affects the lives of every single athlete who participates in intercollegiate athletics on a major scale, whether it be in Arkansas, Minnesota, Notre Dame, or the University of South Carolina.

Mr. COBLE. What do you say to that, Coach Smith?

Mr. SMITH. I agree with Coach Holtz. Kids come from so many different environments and sports and athletics is a melting pot. It really does not just affect those that do not have a lot, kids from environments where maybe they have not had a lot of money in their household, but it also comes from, as I mentioned earlier, kids that have. I do not think athletes think they are any more invincible than anybody else. It is the influence that they can have that

students and people around these players will befriend them and they are naive in some ways. But by us giving them the opportunity to hear seminars and listen to people testify, testimonies of gamblers, because we have people in our program to speak with our players and our student athletes, they realize and recognize the potential danger of going down that road. In fact, I think athletes are less likely to gamble than the average student.

Mr. COBLE. Thank you, sir.

Let me put this question, Mr. Chairman, to the two administrators. As you all know, the bill before us is exclusively directed to amateur sports. Is it your belief that we should consider expanding the prohibition of gambling on professional sports as well?

Mr. DELANY. I think that would be appropriate. It would probably raise a whole other set of issues. But I think that there is a difference between the high school athlete, the college athlete and the Olympic athlete, and that is that for the most part those individuals go uncompensated. As a result, I think they are somewhat more vulnerable to a $10,000 or a $20,000 bribe effort. Whereas in the professional game, for the most part in America, the salaries that go to those individuals insulate them from that level of bribery. I think the other thing is you are dealing with people who are six, eight, 10 years older than the average collegian or high school athlete which I think also gives them a different life experience and gives them a maturation that does not exist at the high school or collegiate level which further insulates them. So I think our need is greater, although I would agree that a prohibition on all sports gambling would assist us.

Mr. COBLE. Dr. Spanier?

Mr. SPANIER. I would just say that we are focused here on the amateur athlete, on high school and college students. I think there are a different set of issues. In my role representing the college and university presidents associated with the NCAA, I can say that we have not taken a position or really even discussed the issue of professional sports. So I would not want to make that part of our agenda. We are really asking you to do something very specific here related to high school, college, Olympic sports. I would like to keep us focused on that.

Mr. COBLE. Mr. Chairman, I see the red light is illuminated, so I yield back.

Mr. HYDE. I thank the gentleman.

The distinguished lady from Texas, Ms. Sheila Jackson Lee.

Ms. JACKSON LEE. Mr. Chairman, I thank you very much, and I thank the Judiciary Committee for its energy and activism this morning. I have a prepared statement that I would ask be entered in the record.

[The prepared statement of Ms. Jackson Lee follows:]

PREPARED STATEMENT OF HON. SHEILA JACKSON LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you Chairman Hyde and Ranking Member Conyers for convening this important hearing on Hr 3575, the "Student Athlete Protection Act."

During this Congress, the Committee on the Judiciary has considered very significant legislation related to eliminating illegal gambling in various forms. And I am pleased that the Committee revisits important safety issues related to gambling on the collegiate level. Sports gambling among students at colleges and universities is

serious issue and this hearing should give us a more sensible understanding of the dimension of the problem.

While matters relating to gambling have been handled by states, Congress has enacted statutes related to sports gambling, as well as several other statutes prohibiting interstate gambling and commercial enterprises based on illegal gambling. It is important, of course, to note that existing statutes do apply to individuals who are in violation of existing sports gambling statutes.

In 1961, Congress enacted 18 US.C. section 1804, the "Interstate Wire Communications Act," which prohibits any person who is "engaged in the business of betting or wagering" from "knowingly us[ing] a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest." Violations of this Act can also result in imprisonment for not more than two years, a fine, or both. Although the "Wire Act" prohibits interstate sports gambling and Internet gambling on sports, it did not address state-sanctioned sports gambling.

Clearly, gambling on the outcome of college games is unacceptable, and sells short the enormous hard work that the student-athletes bring to the games. Many Americans understand that gambling on college student-athletes and the games they play, whether done illegally in sports books of Nevada or illegally in any other state, or in the Internet is a problem.

Gambling on college campuses is widespread. According to Cedric Dempsey, Executive Director of the NCAA, "every campus has student bookies. We are also seeing an increase in the involvement or organized crime or sports wagering." Such illegal gambling is not limited to dormitory gambling by students, but extends to student athletes as well.

A University of Michigan study found that more than forty five percent of male collegiate football and basketball athletes admit to betting on sporting events. More than five percent of male student athletes provided inside information for gambling purposes, bet on a game in which they participated, or accepted money for performing poorly in a game.

In addition, some of the most high profile point shaving scandals have been facilitated by the Vegas betting industry. Worse yet, millions of dollars of illegal money is laundered through Nevada sports books.

These findings are consistent with the National Gambling Impact Study Commission established by law on June 3, 1996. The Commission found that "[e]stimates of illegal sports betting the most widespread and popular form of gambling in America." Moreover, the Commission found that sports wagering: (1) threatens the integrity of sports, (2) has devastated families and careers, (3) is widespread on college campuses, and (4) is becoming increasingly more prevalent. These conclusions are alarming considering that sports betting on college campuses has had harmful consequences for bright and energetic youngsters.

As you know, HR 3575 would prohibit all gambling on collegiate and amateur sports. Indeed, the legislation would prohibit all gambling on collegiate, Olympic, or amateur sports. We should also address the legislation offered by Representative Gibbons, H.R. 3800, and HR 4284, by Congresswoman Berkeley.

Today, with your participation, we must determine if there has been a blurring of the line between legal and illegal sports gambling in the country. If we can help diminish gambling on college campuses, we should for the welfare of our children. Because our young are our more precious in America, I look forward to the testimony regarding HR 3575.

Thank you.

Ms. JACKSON LEE. If the panelists would indulge me, let me offer my apologies for being detained in another hearing on the Crime Subcommittee dealing with the protection of circus elephants. This is not an attempt to add any humor to this hearing, but it does show the depth and breadth of the issues that we contend with.

If you would indulge me for a moment to add to the requests for the many hearings that we have in the Judiciary Committee. I will be making a formal request to both the ranking member, who I have had an opportunity to talk with, and as well the chairman, who I have not, that we hold hearings on the new evidence and information on the death penalty. I know this has no relevance to the question I am getting ready to ask you, but I think it is enormously important if we can have these types of hearings——

Mr. GRAHAM. Would the gentlelady yield for just 1 second. I hate to interrupt, but Coach Holtz has a meeting I believe just in a few minutes. I would ask that he be excused, Mr. Chairman. I hate to do that but he is running a bit behind.

Mr. HYDE. Well if Coach Holtz has another pressing engagement, why surely.

Mr. GRAHAM. I think it is with the President. So we do not want to keep the President waiting. [Laughter.]

Mr. HYDE. I think we will let you go about 1. [Laughter.]

Mr. HYDE. Sure. Thank you very much, Coach. You have added a lot to our discussion. It is great to see you and hear you. Good luck.

Ms. JACKSON LEE. I can tell Mr. Graham did not want to hear the question about the death penalty. In any event, let me just emphasize, Mr. Chairman, that I think the fact that we have the ability to have these wide hearings on legislative initiatives that we can as well have important hearings on the new evidence and research on the failings of the system dealing with the death penalty.

With that, let me pose my questions on the hearing at hand. Let me ask Coach Tubby Smith, because I was delayed in another hearings, let me just get from you the bottom line of what this does to the young people who play in these sports, particularly at the college level, if there is any suggestion that gambling is going on?

Mr. SMITH. Again, the student athletes that we deal with, and having sons of my own that participate in college sports and participated in sports in high school, knowing that they are many times away from home, away from their parents and are in and out of environments that may not be as protected as we would like. That is why it is important for us to pass this piece of legislation.

I mentioned earlier that not a day goes by that the point spread—a player, an athlete reads the paper and he knows the influence that it can have. And in our arena, when we are supposed to beat a team by a lot, how does the crowd respond to the team even though we have won the game, how do they respond to that young man now when he goes out into the community and someone comes up to him and says you did not cover the spread last night. That is a tough thing to handle. I think we need that type of protection. That really happens to the point that players and athletes will not want to be a part of that. But that should keep them away from those types of environments as well. They know that they do not want to be associated with it and they do not have to address an issue in that regard.

And from a coaching standpoint, say we are supposed to win by 17 and we are up 20, and the reason I do not read the paper really is because I do not want that to influence whether I take out my starting five and put another five in. It can have a big effect. So it is a trickle down effect that can really influence a lot of people. And if the wrong people get to our student athletes, a lot of peoples' lives can be ruined.

Ms. JACKSON LEE. You mentioned, along with the idea that there is potential atmosphere of gambling, your local sports commentators. That is the freedom of the press, that is the kind of stories that get written a lot of times. What is the distinction, if you will, between what you have to hear from your commentators and the

articles which are press articles and this other atmosphere of outright gambling? Some would say do we need to get rid of all of that. How do you respond to that kind of challenge to you as well?

Mr. SMITH. We have a great sport. People enjoy watching basketball, football, collegiate, Olympic, high school sports. The character it builds in young people is great, the values that it adds is enormous. But commentators have a job to do with their networks. They are trying to sell the game. And so we appreciate the Dick Vitales, the Digger Phelphses, the Larry Colleses, the Billy Packers because they have been a big part. But you do not hear them talking about the point spread. They may say this team is favored, but very few I think, unless it is a local broadcaster, will talk about the line.

Ms. JACKSON LEE. That is a distinction for you?

Mr. SMITH. Yes.

Ms. JACKSON LEE. Mr. Delany, the best of all worlds for you would be what in terms of how this would play out. In light of the fact that we know there is a business in Nevada, jobs are created, people work in it and they are citizens doing their jobs, too, what would be the best of all worlds?

Mr. DELANY. We did not get where we are overnight. I think over a period of time gambling has become more accepted in this country. I think that this body has had to deal with it from time to time as our States have. But the best of all worlds to me would be that we eliminate the exception that Nevada presently enjoys and give higher education institutions, high school athletes the same protections that Nevada provides to its own young people. That would be one. Second, I would hope there would be some oversight of the U.S. attorneys in the various districts around the country that they would aggressively attack the illegal gambling that undoubtedly is occurring and would continue to occur. And the third is that as technology evolves and credit card companies work hard to distribute their cards to young people, that we do what we can to bring about reasonable regulation of internet gambling.

I think those are three areas that we need to pay attention to, realizing that gambling is probably part of the human character and we have to diminish it in a reasonable way as much as we can.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman. I hope we can work with all of our colleagues, Ms. Berkley, Mr. Gibbons, and Mr. Roemer and try to come out with the best solution.

Thank you very much for your testimony.

Mr. HYDE. The gentleman from Arkansas, Mr. Hutchinson.

Mr. HUTCHINSON. I thank the chairman.

I appreciate each of the distinguished panelists for their testimony today. I am sorry that Coach Holtz had to leave. He is a former coach at Arkansas as well. It seems that he made the rounds and has been a great success everywhere he has been. This is a troublesome issue to me. Anyone who loves college sports is troubled by the temptation for our student athletes as well as the blight upon the game. I think that this is a step that can be taken. I think we have to realize it is not going to solve all the problems out there. As Mr. Delany pointed out, there is something within us that moves us in this direction.

I was a United States attorney and you mentioned that the Department of Justice needs to push the U.S. attorneys on this a little bit more. It is sort of a difficult proposition because the more gambling becomes prevalent in our society, a U.S. attorney brings a gambling case, everybody on the jury is saying, well, you know, I bet here and I bet there. It gets problematic.

So I hope the NCAA does more in terms of education, putting more resources into that. Correct me if I am wrong, but it is my understanding that the NCAA does not allow student athletes to work outside of their scholarship. Is that correct? No? So they can work and have outside income; is that right, Mr. Delany?

Mr. DELANY. That is correct.

Mr. HUTCHINSON. So it is more of a practical matter that because of their schedules it is very difficult for them to work.

Mr. DELANY. That is right.

Mr. HUTCHINSON. It looks to me like if the student athlete cannot have some spending money, and because of the prohibition on giving any cash assistance such as many academic scholarship recipients get, and the impracticality of them working, that makes them cash-poor in a society that expects people to be cash-rich in spending terms. Is that a problem, Coach Smith, with athletes?

Mr. SMITH. That is. I think you will see a young man, I mentioned all the other student athletes on that campus, but there are others that are in his same situation financially. They are allowed to work now. But because college athletics has become a year-round thing now, we cannot work with our players but they are working on their game and trying to develop their skills continuously. The student athlete that does not have money in his pocket and sees another student that is either his roommate and lives in the suite with him or is in class with him, yes, I can see how he would be a little more vulnerable. That is something that the NCAA is addressing now, being able to give needy kids financial assistance. I know the SEC and other conferences, I know the Big Ten has that also, where if a player meets a certain need that he can get cash assistance.

Mr. HUTCHINSON. Thank you. I just want to thank the panelists for their testimony today.

I yield back, Mr. Chairman.

Mr. HYDE. I thank the gentleman.

The gentlelady from California, Ms. Waters.

Ms. WATERS. Thank you, Mr. Chairman.

I too would like to thank the panelists for being here today. I really do not have questions for this panel. I really have questions for my colleagues who are here. I am trying to understand exactly what my colleagues' concerns are who are opposed to us taking this step to try and deal with this problem.

My husband was a professional football player, played high school and college ball, of course. My son played high school and college basketball. And my grandson was playing college basketball until he ruined his knees just a year or so ago. And so I have lived with and raised athletes and they are very vulnerable. There are the hangers-on, the groupies, the bookies, the sports junkies, you name it. These kids are vulnerable. And the roar of the crowd is ego-building. And so I think we must do everything that we can to

protect them. Even if we err, we should err on the side of trying to protect them.

I was hoping that when I came here today I would not hear an economic argument about this. I am looking at my colleagues' list of reasons for being opposed. Congressman Jim Gibbons says that H.R. 3575 would create an undue economic burden on thousands of hard-working, tax-paying Nevadans whose livelihoods depend on the upstanding reputation of the casino-entertainment industry. I always hate money and economic arguments when young lives are in jeopardy. I just do not think you do anything in the name of profits, earning money. Even if jobs have been created in that particular industry, if it is potentially harmful or dangerous for young people, we cannot in the name of dollars make these kinds of arguments.

I think that being an athlete is very difficult for young people. But I think for those who have to manage them it is very difficult. We see day in and day out the stories of athletes who fall prey to all kinds of things. And I commend you for being here and taking this stand and standing up for trying to protect these athletes.

We in the Congress of the United States of America, and I suppose everywhere, talk about how much we love our children, what kind of investments we ought to make in them, how we ought to deal with their psychological and emotional needs, and rise to the level of all kinds of debate when bad things happen, whether it is Columbine or it is other kinds of things. But when we have the opportunity to step out on the cutting edge to protect them, I am surprised at the kinds of arguments that are made.

I have deep respect for my colleagues and their concerns. But I am so biased on this, perhaps I should not even speak. I would walk a mile to do whatever we can do to help young people in whatever way that we can to take them out of harm's way and try and protect them from the influences that cannot help but overwhelm young people who you do not expect to have the wisdom to be able to resist the temptation. So I thank you for being here.

Mr. HYDE. I thank the gentlelady.

The gentleman from Utah, Mr. Cannon.

Mr. CANNON. Thank you, Mr. Chairman. I hope I do not surprise you too much, but I would like to associate myself with the remarks of the gentlelady from California. I do not yet have children who are athletes, but I have a crop that are coming up. They play soccer.

I want to thank the panel for being here. This is a difficult issue. I have a series of questions that actually asks for some particular answers. If you do not have those, Dr. Spanier, these are mostly for you, if you do not know the answers right now, it is something that you can just submit to the committee for the record and I would appreciate that. I have several questions that it is fine to say you do not know, but if you can get them to me, I would appreciate that.

First of all, how much money does the NCAA spend each year working against gambling and what percentage of your budget would that be?

Mr. SPANIER. We have 15 members of our enforcement staff, 3 specifically designated to gambling-related issues. That is an in-

crease in our staffing in that area. So it would be their salaries and expenses. I do not know the exact amount, but that gives you some indication of the overall staff support. We also put out publications, I have a couple of examples here, that go to tens of thousands of people. We put on programs all around the country. We bring in FBI agents, we bring in people who have been involved in gambling to talk about the issues.

Mr. CANNON. Is that to talk with athletes about the issues?

Mr. SPANIER. Yes. In fact, virtually all student athletes are exposed to programs on these topics.

Mr. CANNON. Could you get me a budget number at some point on what it costs?

Mr. SPANIER. We would be happy to share that with you.

Mr. CANNON. Since you have jumped into your staffing, have you given your staffing special training to deal with the issue?

Mr. SPANIER. Yes.

Mr. CANNON. Could you describe just briefly what those programs are.

Mr. SPANIER. The people who work in this area have special expertise. They are hired because of their understanding of the issues and they are completely dedicated to those areas of education and programming. I cannot tell you much more specifically about their backgrounds.

Mr. CANNON. How many investigations has the NCAA undertaken in the past year concerning the illegal betting on college campuses?

Mr. SPANIER. I do not know the answer but we could provide that, I think.

Mr. CANNON. Do you have any idea how many of those investigations have resulted in student suspensions, expulsions, or arrests?

Mr. SPANIER. No. But I suspect it is a rather small number because these things do not surface that often.

Mr. CANNON. What programs does the NCAA provide to campus police to assist in the interdiction of illegal gambling on college campuses?

Mr. SPANIER. Again, we have educational programs, we have seminars, the NCAA makes its resources available, video tapes, and encourages each campus to conduct its own programs as well.

Mr. CANNON. Is there a specific program for dealing with students on campuses and keeping them from gambling?

Mr. SPANIER. Perhaps Jim knows a little more about that.

Mr. DELANY. At our institutions, I know that we have got, I think, 400,000 students under roof. I really cannot speak to the programs that are in place to educate them. But I know that in our conference we have got 7,000 athletes and I write to each one of them each year. And I know that in our sports that are particularly appealing to the public, in football and in basketball our coaches regularly circulate information through either experts in gambling or law enforcement people who have experience in gambling. And that is I think fairly regular throughout the country. But I do not have someone on my staff, we have got a 25-person staff, we do not have anyone devoted to undercover work in terms of trying to identify who is gambling and who is not.

Mr. CANNON. Do you happen to know if the colleges that are part of your group have those kinds of undercover activities or other activities to identify that?

Mr. DELANY. I would say not. I would say that in general, and we have had this discussion on a regular basis with my board of directors who are the presidents and chancellors of each of our universities because they recognize there is a problem, is we have made a policy decision not to send undercover people into student hangouts, into student athlete hangouts to try to "catch" people. We do not really feel like we have the powers of the State and that it is essentially a Justice Department/police operation and we have chosen not to go undercover to try to figure out what is going on.

Mr. CANNON. Don't most colleges have some undercover operations for drugs and things like that unrelated to gambling?

Mr. DELANY. I do not know the answer to that.

Mr. CANNON. Dr. Spanier, what studies has the NCAA undertaken to quantify the scope of illegal gambling on college campuses?

Mr. SPANIER. The NCAA has participated in or cooperated with a number of studies that have occurred, so we do have some data on the incidence, the scope of gambling. Some of these have been fairly public just within the last year. At schools like Penn State we do our own survey study. Within our student affairs area we have something called the "student pulse survey" and we recently had one on gambling there. That is for the student body as a whole and so we have some indication of how much of it is going on and what kinds of things they are gambling on, how much they win, how much they lose. These are survey questions that we have asked them.

Mr. HYDE. The gentleman's time has expired.

Mr. CANNON. I'm sorry. I was looking at the wrong clock. I apologize, Mr. Chairman.

Mr. HYDE. I do not know why that is green and this is different.

Mr. CANNON. I am certainly willing to go with the chairman's clock.

Mr. HYDE. I appreciate that, although I must say your questions were fascinating.

The gentleman from New York, Mr. Weiner.

Mr. WEINER. Thank you, Mr. Chairman.

Gentlemen, it strikes me that what you are proposing is a supply-side solution to a demand-driven problem. It also seems that our premise here of protecting student athletes by making gambling illegal in Vegas really targets a very small number of student athletes because it only targets realistically student athletes who play Division I sports. When I played Division III tennis, I know I could not bet on myself, even though I probably would not have anyway. [Laughter.]

Mr. WEINER. And I know that this is a problem that only impact the major sports, because you are not going to be able to find a line on most lacrosse matches or most gymnastics meets and the like. And I also know, despite some of the high profile cases, point-shaving is a fairly rare thing because it is so difficult to do. When Coach Holtz was here and he told the story about the field goal kicker, I noted that he told a story that was not about the right tackle or

about the guard or even about an end. You really have to be a quarterback or a kicker in exactly the right spot at the right time to be able to have a successful point-shaving operation.

So what I do know is that there is a demand that we have recognized here in Congress for gambling. Some of us are uneasy about it, but we have recognized it and we have tried to set up essentially a system that says people should not gamble but if you are going to gamble we are going to develop kinds of outlets for that gambling demand by having lotteries, which some of us are uncomfortable with, and having a dynamic where people have to exert some effort to go gamble, they have to go to Las Vegas, they have to go to Atlantic City, although I do not think there is a sports book there. And as a way of doing that, we have tried to take people away from Vinnie the loan shark at the back door of the corner bar. And it has not been perfect.

There is illegal gambling going on and there is pressure on athletes I am sure and there is pressure on all kinds of folks. But I also cannot help thinking that on some level the NCAA wants it both ways. When they have the March tournament for the basketball, there is enormous amount of interest in two obscure teams that I probably would not follow all year how they do, and some of that is driven by the point spread. And I think it is going to be driven by that point spread whether we say to Las Vegas you can do it or not. I can tell you in the back of Farrell's bar—it is not really Farrell's bar, I do not know what is going on at Farrell's—there is going to be someone who is going to have a line on Coach Smith's game.

So I think what we might be doing is wrapping ourself in the cloak of protecting student athletes when we are really trying to fight a bigger war that many of us in Congress have already kind of decided that we are not crazy about the present system but it is a balance that kind of works. That is a premise that I perceive. I really do not have a dog in this fight. I come from New York City and we are not a big NCAA town but we have a lot of sports fans.

I am really not sure about the pressures that you describe on student athletes. The real problem is that there is gambling in this country it seems is what you are arguing. And I think with or without this bill there is going to be gambling in this country. I think without H.R. 3575 we are going to have very few cases of point-shaving scandals and they are going to be bad. I think that really what the NCAA may want to do is just figure out a way to identify who is going to be under pressure—for example, Coach Smith's players are going to be under more pressure in point-shaving situations given the sport than others—and try to figure out a way to deal with that problem.

I am not convinced at all from your testimony that not having Caesar's put up a 7-point spread on a football game is going to do all that much to take pressure off of student athletes, nor is it going to do all that much in the age of internet communication to reduce the amount of gambling on a Nebraska football game. It just seems to me that you are attacking a demand problem with a supply solution. I know I have put a lot of points in there, but I would be interested in hearing from any of you.

Mr. SPANIER. I agree with most of what you said right up until the end there. Your premises are actually quite accurate and, yes, the NCAA does want to have it both ways. We very much want to have the interest and attention in our men's basketball tournament, increasingly in our women's tournament. But it is not just about the small number of individuals involved in a point-shaving scandal, it is really about the environment that surrounds intercollegiate athletics.

Mr. WEINER. If I could just interrupt there. A very tiny, little sliver of intercollegiate athletics. There is no pressure surrounding the University of Pennsylvania gymnastics team. We tend to think of the athletes that we see on Saturday afternoons as representing student athletes. They are the elite of the elite of the elite. They are the ones that generate hundreds of millions of dollars for your university and I know you want to protect them. But with all due deference, it is a quite small number.

Mr. SPANIER. It is principally focused on football and men's basketball. But we are not talking just about those who play or the schools that are at the top of the echelon, it is the millions of people whose influence surrounds these handful of programs, the money that flows through, the billion dollars on legalized sports gambling that are betting on a relatively small number of schools. It is not just a few student athletes, it is not just the rest of the students at Penn State, it is the larger set of influences and the pressure that comes to bear. And for us it really boils down to the integrity surrounding our programs.

Mr. WEINER. I see. Will you indulge me just one final point. I think you just argued for a scenario that economists would say is being driven by the demand and it is a very limited universe that pressure is being put on. Intuitively, as a legislator, I would say then take that universe of people that is relatively small at the tip of this pyramid of pressure and try to do more to control their activities than taking the vast universe of those who are interested in intercollegiate sports and try to control their activities. That is why I am dubious of the way the bill is constructed. But I appreciate your desire to solve the problem.

Thank you, Mr. Chairman.

Mr. COBLE [assumes chair]. The gentleman from Utah?

Mr. CANNON. Mr. Chairman, I would ask unanimous consent to allow myself and other members of the committee to submit questions to the panel, especially to Dr. Spanier, and have their responses included in the record.

Mr. COBLE. Without objection, that will be done.

The Chair recognizes the gentleman from the land of the palmetto, South Carolina, and sponsor of the bill before us, Mr. Graham.

Mr. GRAHAM. Thank you, Mr. Chairman.

First, I want to thank you for coming here. You have been here for a couple of hours and it has been a great healthy debate. If this bill passes it will be because of people like you. The only hope we have to pass this bill and defeat a billion dollar industry is to get people who are in responsibility positions over a lot of young folks saying enough already. Coach Smith, I really appreciate your coming, Coach Holtz. Dean Smith could not make it; he tried.

I want to ask you among your peers, among the coaches that coach the student athletes that are being bet on, are you solid as a group that this should stop?

Mr. SMITH. Unequivocally. I think every coach that I have talked with in the NABC, the National Association of Basketball Coaches, of which I am a board member, overwhelming agrees that this is something that needs to be addressed. That is why I am here.

Mr. GRAHAM. This is not about supply-side economics to you, it is about the future of these kids.

Mr. SMITH. It is the integrity of the game and that the thought that something like this could even happen to one of my colleagues or myself or to a student athlete that would ruin his life. If there is something that we could do about it, we really could not live with ourselves if we did not come forward and say enough is enough, let's do the right thing, let's do what we can to try to stop this.

Mr. GRAHAM. Dr. Spanier, among the people who have your job being in charge of the entire institution, the athletic part, the education part, is your group united for this bill?

Mr. SPANIER. The overwhelming preponderance of presidents would be supportive of this legislation. There might be a couple of exceptions of my colleagues in Nevada.

Mr. GRAHAM. But there is no doubt in your mind that this would be a good step forward for the integrity of college athletics.

Mr. SPANIER. Absolutely.

Mr. GRAHAM. Mr. Delany, of all the schools in your association, how many of them have bets placed on the outcome of the games? Is every team in your association, every college bet on?

Mr. DELANY. Yes, I would think that big ten football games and basketball games are regularly bet on in Las Vegas.

Mr. GRAHAM. Would that be true of almost every division of football and basketball in the country?

Mr. DELANY. Probably not. I would say of maybe the top 100 schools in the country football and basketball games are generally the objects of legalized gambling.

Mr. GRAHAM. The top 100?

Mr. DELANY. The top 100.

Mr. GRAHAM. How many student athletes are we talking about?

Mr. DELANY. I would say that 100 times 100 is the number of football players, about 100 players on a team, and then 100 times 13 or 14 in basketball. So those would be the multiples.

Mr. GRAHAM. Of this universe of people that we are talking about, they are very gifted, they are very talented, how many cases of having their lives ruined occurred in the 1990's? Is this on the rise, or is this on the decrease?

Mr. DELANY. Well, if you look at the history, we have had gambling scandals in every decade that I know of since the 1940's. In the 1990's, you have had cases in the Big Ten, the Pac Ten, you have allegations in several other conferences. I just think that what we know is the tip of the iceberg. The studies by University of Cincinnati and University of Michigan indicate that there is more activity than we would like to know.

I think it is the most serious threat to the long-term maintenance of intercollegiate athletics. We have had our problems in

intercollegiate athletics and try to deal with them. But I think it is the single greatest threat. And if we were to have a breakout in the major conferences around the country, I think you would see editorial writers, Congressmen, a variety of leaders in our society call for a change in intercollegiate athletics. I am here because I think it is a very serious threat, recognizing that it is a complex problem and has got probably answers on multiple levels.

Mr. GRAHAM. Thank you all for coming. I want to thank Mr. Roemer, it is a bipartisan effort to get this bill through, my colleagues on the committee, particularly Ms. Waters. We can rise to the occasion if we want to, and I am very optimistic that Congress is going to listen to what you have to say. Thank you for coming.

Ms. WATERS. Will the gentleman yield?

Mr. GRAHAM. Absolutely.

Ms. WATERS. Let the record show that Mr. Graham and I do not agree on very much of anything, but this is an unusual occasion. [Laughter.]

Mr. COBLE. The gentleman yields back the balance of his time.

Gentlemen, Coach Tubby Smith, Coach Lou Holtz in absentia, Dr. Spanier, and Mr. Delany, we very much appreciate you all being here. I am sure that your presence and your contribution has been significant, and we thank you for that.

Mr. COBLE. I will now recall the first panel from whom we only heard from Mr. Graham. That will be Congresswoman Berkley and Congressman Gibbons, who represent Nevada, and the gentleman from Indiana, Mr. Roemer.

We will start with the rose who is with two thorns, we will hear from the rose first. Ms. Berkley, good to have you here. Folks, if you could, Chairman Hyde said earlier we are on a fairly short leash, if you could confine your comments to 5 minutes, we would be appreciative.

Ms. Berkley.

STATEMENT OF HON. SHELLY BERKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Ms. BERKLEY. Mr. Chairman and members of the committee, I am here today to speak out against H.R. 3575 and share with you my knowledge of this issue and my very serious concerns about this legislation. There is no district in this country that would be more adversely affected by this legislation than mine, and no State that would be harmed more than my home State of Nevada where betting on college games is legal.

Of the 435 Members of Congress, I am the only Member with gaming industry experience. I was a gaming executive several years before coming here. I also served as a university regent with responsibility for a major college sports program for 8 years. I know college sports and I know the NCAA through first-hand experience.

Since coming to Congress, I have been astounded by the misconceptions and misinformation about Nevada's gaming industry, the largest employer and tax producer in my district, the Las Vegas area. So I want to speak to you for a moment about Las Vegas and the people who live there. I want you to see Las Vegas through the eyes of my constituents, the hundreds of thousands of

them who depend on a strong gaming economy for their family's very survival. This industry is not faceless. There are thousands of working families who depend on our gaming industry. I cannot sit idly by as some Members of Congress advocate Federal intrusion into my State, intrusion that will put the bread-winners of working families out on the street.

I believe in strong local and State regulation. I believe in stiff penalties for any violation. I believe the players who shave points and throw games should be thrown off the team, expelled from school, and punished severely. And I am adamantly in favor of a strong, effective bill to combat illegal sports betting. H.R. 3575 is not that bill.

H.R. 3575 will exacerbate the problem of illegal sports betting and it will hurt the people of my State. Hundreds of Nevadans will lose their jobs. How should I explain to a working mother with two children to support with a job in a sports book that the United States Congress believes that she is responsible for illegal sports betting on college campuses and must lose her job. How can placing a bet legally at a Nevada casino where you have to be 21 years of age and present to place your wager possibly be responsible for the illegal betting taking place across this country. Stamping out legal wagering in Nevada as a way of stamping out illegal betting on college sports is as preposterous as suggesting that outlawing aspirin would stop the sale of illegal drugs.

In spite of the testimony that I heard in the last panel, the reality is the NCAA has done virtually nothing to stem the tide of illegal betting on college campuses, even though it just signed a $6 billion contract to broadcast college games. I am astounded by the response of the last panel because at the Senate hearings which took place a month ago when we asked how much of this extravagant $6 billion amount is going back to the colleges to combat illegal sports betting, the answer at that time was none. I am equally astounded because when we asked how many of the thousand people on the NCAA payroll are assigned to the gambling problem, the answer at that time was one, one person. The NCAA is desperate to draw attention away from its own dismal record by creating a scapegoat. They found one—Nevada.

If the NCAA and Congress are really serious about fighting illegal amateur sports gambling, then let's get serious. I challenge the NCAA to take its multibillion dollar revenue, all generated by unpaid student athletes, and not just a tiny fraction of it, and dedicate it to fighting illegal gambling through aggressive enforcement and prevention programs. Ask the coaches who testified today if they are willing to give up their multimillion dollar Nike contracts, or if they are willing to make the same salary as the university president that hired them.

Is Congress willing to ban broadcasting of all amateur sports on television, prohibit the radio stations from carrying the games, make it illegal for newspapers to post betting lines? Proponents of this bill say that newspapers will cease to print betting lines if legal sports betting is eliminated and then college students will cease to bet on the games. If publishing betting lines is the problem, then not publishing is the solution. Perhaps Congress ought

to prohibit newspapers from publishing the lines—and suspend the first amendment along with it.

We need a serious real-world approach to this problem. Having devoted 8 years of my life as a university regent, I doubt anyone here would like to see an end to illegal gambling on campuses more than I would. But before we trample on legitimate States' rights, do irreparable damage to my State's budget, throw honest hard-working people out of their jobs, and set a dangerous precedent of Federal intrusion in the legal affairs of individual States simply to pass a law, I ask you to abandon H.R. 3575 and instead give full consideration to the legislation I have written, H.R. 4284, the Illegal Sports Betting Enforcement Act.

My bill boosts law enforcement's efforts to crack down on illegal betting operations, hitting hard at the illegal bookmaking rings. My colleague, Ms. Waters, let me tell you why I do not approve of this NCAA bill and I do not support it. This NCAA bill does absolutely nothing to help law enforcement. My bill would investigate the scope and uncover the causes of illegal campus betting. The NCAA bill does nothing—no studies, no investigations, no public service statements, nothing. My bill calls on the NCAA to step up gambling prevention programs——

Mr. COBLE. If the gentlelady would suspend. If you can begin to wrap up.

Ms. BERKLEY. Twenty seconds.

Mr. COBLE. Ms. Berkley, I will give you 30 seconds.

Ms. BERKLEY. Thank you. My bill calls on the NCAA to step up gambling prevention programs on campuses. The NCAA in the proposed bill takes no responsibility.

Mr. Chairman, Nevada is not the problem. If you put the entire State out of work, you would not even touch the problem of illegal gambling unless to exacerbate it. The only way to deal with illegal gambling in the NCAA is head on. I challenge my colleagues to put an end to this counterproductive NCAA bill and give serious consideration to the bill that I have proposed. Make no mistake, this bill that is being proposed today is a poorly masked attempt to outlaw legal gambling throughout the United States. The Illegal Sports Betting Enforcement Act, my piece of legislation, combats the problem at hand, protects our families in the Silver State.

I would like to thank you for your courtesy and thank you for allowing me to testify. I wish that the same courtesy had been extended to the two United States Senators from the State of Nevada who were told they could not testify. They could have shed some very important light on this very important subject.

[The prepared statement of Ms. Berkley follows:]

PREPARED STATEMENT OF HON. SHELLEY BERKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

MR. CHAIRMAN,

I AM HERE TODAY TO SPEAK OUT AGAINST H.R. 3575 AND SHARE WITH YOU MY KNOWLEDGE OF THIS ISSUE AND MY VERY SERIOUS CONCERNS ABOUT THIS LEGISLATION.

THERE IS NO DISTRICT IN THIS COUNTRY THAT WOULD BE MORE ADVERSELY AFFECTED BY THIS LEGISLATION THAN MINE, AND NO STATE THAT WOULD BE HARMED MORE THAN MY HOME STATE OF NEVADA, WHERE BETTING ON COLLEGE GAMES IS LEGAL.

I AM THE ONLY MEMBER OF CONGRESS WITH GAMING INDUSTRY EXPERIENCE. I WAS A GAMING EXECUTIVE FOR SEVERAL YEARS.

I ALSO SERVED AS A UNIVERSITY REGENT, WITH RESPONSIBILITY FOR A MAJOR COLLEGE SPORTS PROGRAM FOR 8 YEARS. I KNOW COLLEGE SPORTS AND I KNOW THE NCAA THROUGH FIRST HAND EXPERIENCE.

SINCE COMING TO CONGRESS, I HAVE BEEN ASTOUNDED BY THE MISCONCEPTIONS AND MISINFORMATION ABOUT NEVADA'S GAMING INDUSTRY, THE LARGEST EMPLOYER AND TAX PRODUCER IN MY DISTRICT, THE LAS VEGAS AREA.

SO I WANT TO SPEAK FOR A MOMENT ABOUT LAS VEGAS AND THE PEOPLE WHO LIVE THERE. I WANT YOU TO SEE LAS VEGAS THROUGH THE EYES OF MY CONSTITUENTS—THE 150,000 OF THEM WHO DEPEND ON A STRONG GAMING ECONOMY FOR THEIR FAMILIES' VERY SURVIVAL.

THERE ARE THOUSANDS OF WORKING FAMILIES WHO DEPEND ON OUR GAMING INDUSTRY. I CANNOT SIT IDLY AS SOME MEMBERS OF CONGRESS ADVOCATE FEDERAL INTRUSION INTO MY STATE . . . INTRUSION THAT WILL PUT THE BREADWINNERS OF WORKING FAMILIES OUT ON THE STREET.

I BELIEVE IN STRONG LOCAL AND STATE REGULATION. I BELIEVE IN STIFF PENALTIES FOR ANY VIOLATION. AND I AM ADAMANTLY IN FAVOR OF A STRONG, EFFECTIVE BILL TO COMBAT ILLEGAL SPORTS BETTING.

H.R. 3575 IS NOT THAT BILL. IT WILL EXACERBATE THE PROBLEM OF ILLEGAL SPORTS BETTING AND IT WILL HURT THE PEOPLE OF MY STATE. HUNDREDS OF NEVADANS WILL LOSE THEIR JOBS. HOW SHOULD I EXPLAIN TO A WORKING MOTHER WITH TWO CHILDREN TO SUPPORT, WITH A JOB IN A SPORTS BOOK, THAT THE U.S. CONGRESS BELIEVES THAT SHE IS RESPONSIBLE FOR ILLEGAL SPORTS BETTING ON COLLEGE CAMPUSES . . . AND MUST LOSE HER JOB? HOW CAN PLACING A BET LEGALLY AT A NEVADA CASINO, WHERE YOU HAVE TO BE 21 YEARS OF AGE AND PRESENT TO PLACE YOUR WAGER, POSSIBLY BE RESPONSIBLE FOR THE ILLEGAL BETTING TAKING PLACE ACROSS OUR COUNTRY?

STAMPING OUT LEGAL WAGERING IN NEVADA AS A WAY OF STAMPING OUT ILLEGAL BETTING ON COLLEGE SPORTS IS AS PREPOSTEROUS AS SUGGESTING THAT OUTLAWING ASPIRIN WOULD STOP THE SALE OF ILLEGAL DRUGS.

THE NCAA HAS DONE VIRTUALLY NOTHING TO STEM THE TIDE OF ILLEGAL BETTING ON COLLEGE CAMPUSES, EVEN THOUGH IT JUST SIGNED A $6 BILLION CONTRACT TO BROADCAST COLLEGE GAMES.

HOW MUCH OF THIS EXTRAVAGANT SUM IS GOING BACK TO THE COLLEGES TO COMBAT ILLEGAL SPORTS BETTING? NONE.

HOW MANY OF THE 1,000 PEOPLE ON THE NCAA PAYROLL ARE ASSIGNED TO THE GAMBLING PROBLEM? ONE PERSON.

THE NCAA IS DESPERATE TO DRAW ATTENTION AWAY FROM ITS OWN DISMAL RECORD BY CREATING A SCAPEGOAT. THEY FOUND ONE—NEVADA.

IF THE NCAA AND CONGRESS ARE REALLY SERIOUS ABOUT FIGHTING ILLEGAL AMATEUR SPORTS GAMBLING, THEN LET'S GET SERIOUS.

I CHALLENGE THE NCAA TO TAKE ITS MULTI-BILLION DOLLAR REVENUE . . . ALL GENERATED BY UNPAID STUDENT-ATHLETES, AND NOT JUST A TINY FRACTION. . . . AND DEDICATE IT TO FIGHTING ILLEGAL GAMBLING, THROUGH AGGRESSIVE ENFORCEMENT AND PREVENTION PROGRAMS.

ASK THE COACHES WHO TESTIFY TODAY IF THEY ARE WILLING TO GIVE UP THEIR MULTI-MILLION DOLLAR NIKE CONTRACTS OR IF THEY ARE WILLING TO MAKE THE SAME SALARY AS THE UNIVERSITY PRESIDENT WHO HIRED THEM.

IS CONGRESS WILLING TO BAN BROADCASTING OF ALL AMATEUR SPORTS ON TELEVISION, PROHIBIT THE RADIO STATIONS FROM CARRYING THE GAMES, MAKE IT ILLEGAL FOR NEWSPAPERS TO POST BETTING LINES.

THE NCAA SAYS THAT NEWSPAPERS WILL CEASE TO PRINT BETTING LINES IF LEGAL SPORTS BETTING IS ELIMINATED AND THEN COLLEGE STUDENTS WILL CEASE TO BET ON THE GAMES. IF PUBLISHING BETTING LINES IS THE PROBLEM—THEN NOT PUBLISHING IS THE SOLUTION. THEN PERHAPS CONGRESS OUGHT TO PROHIBIT NEWSPAPERS FROM PUBLISHING THE LINES . . . AND SUSPEND THE FIRST AMENDMENT ALONG WITH IT.

WE NEED A SERIOUS, REAL-WORLD APPROACH TO THIS PROBLEM.

HAVING DEVOTED 8 YEARS OF MY LIFE AS A UNIVERSITY REGENT, I DOUBT ANYONE HERE WOULD LIKE TO SEE AN END TO ILLEGAL GAMBLING ON CAMPUSES MORE THAN I WOULD.

BEFORE YOU TRAMPLE ON LEGITIMATE STATES' RIGHTS, DO IRREPARABLE DAMAGE TO MY STATE'S BUDGET, THROW HONEST, HARD-WORKING PEOPLE OUT OF THEIR JOBS AND SET A DANGEROUS PRECEDENT OF FEDERAL INTRUSION IN THE LEGAL AFFAIRS OF INDIVIDUAL STATES SIMPLY TO PASS A LAW, I ASK YOU TO ABANDON HR 3575, AND INSTEAD GIVE FULL CONSIDERATION TO THE LEGISLATION I HAVE WRITTEN, HR 4284, THE ILLEGAL SPORTS BETTING ENFORCEMENT ACT.

MY BILL BOOSTS LAW ENFORCEMENT'S EFFORTS TO CRACK DOWN ON ILLEGAL BETTING OPERATIONS, HITTING HARD AT THE ILLEGAL BOOKMAKING RINGS. THE NCAA BILL DOES ABSOLUTELY NOTHING TO HELP LAW ENFORCEMENT.

MY BILL WOULD INVESTIGATE THE SCOPE AND UNCOVER THE CAUSES OF ILLEGAL CAMPUS BETTING. THE NCAA BILL DOES NOTHING. NO STUDIES, NO INVESTIGATIONS, NO PUBLIC SERVICE STATEMENTS, NOTHING.

MY BILL CALLS ON THE NCAA TO STEP UP GAMBLING PREVENTION PROGRAMS ON CAMPUSES. THE NCAA-PROPOSED BILL TAKES NO RESPONSIBILITY.

MR. CHAIRMAN, NEVADA IS NOT THE PROBLEM.

IF YOU PUT THE ENTIRE STATE OUT OF WORK, YOU WOULD NOT EVEN TOUCH THE PROBLEM OF ILLEGAL GAMBLING, UNLESS TO EXACERBATE IT.

THE ONLY WAY TO DEAL WITH ILLEGAL GAMBLING IN THE NCAA IS HEAD-ON.

I CHALLENGE MY COLLEAGUES TO PUT AN END TO THIS DESTRUCTIVE NCAA BILL, AND GIVE SERIOUS CONSIDERATION TO A SERIOUS BILL.

THE ILLEGAL SPORTS BETTING ENFORCEMENT ACT COMBATS THE PROBLEM AT HAND AND PROTECTS OUR FAMILIES IN THE SILVER STATE.

THANK YOU.

Mr. COBLE. I thank the gentlelady from Nevada.

The gentleman from Indiana's heartland, Mr. Roemer.

STATEMENT OF HON. TIM ROEMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. ROEMER. Thank you, Mr. Chairman. I ask unanimous consent to revise and extend.

Mr. COBLE. Without objection.

Mr. ROEMER. I thank you. First of all, I have the deepest respect for the gentleman and gentlelady from the great State of Nevada but I disagree with them on this issue.

I have just a couple of very simple questions to try to answer. First of all, who is for this bill? Secondly, why are they for it? And thirdly, what should you be able to bet on in the United States of America?

Who is for it? Well, once you get out of this very fancy room and you get away from the NCAA on one hand, and the American Gaming Association on the other, and the lobbyists and the money all around Washington, DC, you run into real people. The real people throughout the country—coaches, student athletes, university presidents, college presidents—across the board are for this bipartisan Graham-Roemer legislation.

Why? Why are they for this? Let me read you a quote from the president of the University of Notre Dame, a Holy Cross priest, Father Mark Malloy: "Nothing scares me more than the potential harm unfettered gambling creates. Scandals erode confidence that what's taking place is a 'real' event. If people begin to believe college athletics are scripted, then why should anybody come to

games? And how is that in any way consistent with what we stand for as an academic institution?"

The Notre Dame Basketball Coach Matt Doherty, brand new coach, coached with Dean Smith, played with Michael Jordan, pretty good company, he is now the Notre Dame Basketball Coach, and when he was asked at a South Bend press conference on this very bill that Lindsey and I are working so hard on what do you think of it, he said I played with Jordan in 1983 and people used to come up to me and say, "How are you feeling, Matt? I heard you had the flu last week. Are you back, going full speed? I heard Jordan sprained his ankle. Is he going to be able to play full speed? What about the rest of the team, are they up for this? How are exams treating you guys?" Coach Doherty said if it happened in 1983, you doggone know in year 2000 it is happening more and more and more to more of the players.

Our women's basketball coach Muffet McGraw said what happens in men's programs happens then in women's programs. She is extremely concerned about this.

So those are the people on the front lines working with our student athletes.

The third question: What do we bet on? I am under no pretenses that this is going to solve every problem of gambling in America. In America today in the year 2000 you can bet on river boats, in casinos, in Las Vegas, in Atlantic City, in land placed on trust for Native American Indians. You can bet on dogs, on horses, on how many passes a quarterback might throw in the first quarter of the Super Bowl. Why should we open that up to our teenage kids? Don't we bet on enough things in America to keep people employed? Why kids? Why threaten the integrity of college athletics on a Saturday afternoon or a Tuesday night?

In Indiana it is tough to get a high school basketball ticket on a Friday night. We take great pride in our Hoosier basketball. It is tough to get a ticket to a Notre Dame football game on a Saturday afternoon. But if we start to have these events scripted, people betting on them like the scripting that goes on on World Wrestling Federation Tuesday nights, what difference is there between World Wrestling Federation and the championship of the Final Four? Let's not let it go there. There are plenty of things to bet on.

Let's keep the purity, the magic of the competition in our sports intact. Let's make sure that Milan High, the little, little high school in Indiana that upset the big school in 1954 that was the basis for the movie "Hoosiers," let's make sure that can happen in the future. Let's make sure that the U.S. hockey team that upset the Soviet Union in 1980, that was not scripted, we all believe it, we all know it, let's make sure that can happen. And finally, when Kerri Strugg hit that famous vault for the Olympic team in 1996 on one ankle with a perfect landing, that was not scripted, it was courage, it was guts, it was determination. Let's make sure we keep that in our sports.

I thank this body for listening to us. Even if we start with the legal betting in Las Vegas, let us get rid of the legal betting in Las Vegas on college kids, college sports teams. They can bet on other things. That is the first step toward fighting illegal gambling. I appreciate the bipartisan support we have received today for this bill.

[The prepared statement of Mr. Roemer follows:]

PREPARED STATEMENT OF HON. TIM ROEMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Thank you very much, Mr. Chairman. I appreciate the opportunity to testify today in support of H.R. 3575, legislation which Rep. Lindsey Graham and I have introduced to prohibit legal betting on high school, collegiate and Olympic sporting events.

I am very pleased that we have such a distinguished panel of witnesses from the athletic and educational communities joining us today to speak in support of our bill. Coaches Dean Smith, Lou Holtz and Tubby Smith, President Graham Spanier and Big Ten Commissioner Jim Delany have been on the front lines for many years now, working with some of the most respected and highest-profile athletic and academic programs in our country.

They know better than anyone how serious the college sports gambling problem has become, and how important it is to take a strong stand against both legal and illegal gambling. I appreciate the personal commitment which they and many other coaches, student-athletes and university officials across the country have made to this issue. I urge the Committee to pay careful attention to their views.

Mr. Chairman, high school and collegiate sports are one of America's great traditions. In my district in Indiana, it is difficult to get a ticket to a high school basketball game or a Notre Dame football game. They are sold out for months in advance. I'm sure it is the same in your districts as well.

Why is that? What's the magic of high school and collegiate sports that attracts so many student-athletes to compete and draws so many fans to watch?

To me, it is the purity and uncertainty of amateur sports. Think back on some of the greatest moments in our nation's sporting history: tiny Milan High's remarkable triumph in the Indiana State basketball championship, which was chronicled in the movie "Hoosiers"; the U.S. men's hockey team's miraculous victory over the Russians in 1980; and Kerri Strugg's courageous vault to win the Olympic gold medal in 1996.

These events captivated our imagination because they were real, exciting and unexpected. Today the magic and purity of amateur athletics is being threatened by the growing influence of gambling. Not by small-time office betting pools or parking lot wagers, but by high-stakes, legal, government-sanctioned gambling: some $1 billion worth last year alone on college sports.

As long as that kind of big money is out there, and sports betting is both legal and encouraged by the government, the temptation to shave points or throw a game will always be there. Indeed, there were more college sports betting scandals in the 1990's than the previous five decades combined.

What's more, recent studies by both the University of Michigan and the University of Cincinnati show that an alarming amount of betting activity is taking place among college student athletes. The Michigan study found that more than 5% of male student athletes provided inside information for gambling purposes, bet on a game in which they participated, or accepted money for performing poorly in a game.

The Cincinnati study found that 25% of student-athletes admitted gambling on other college sporting events while they were in college. Yet another study by the University of Michigan revealed that roughly 40% of all Division One referees gamble on college sports, and 2% said they are aware of officials who did not call games fairly because of gambling-related reasons.

Clearly, betting on college sports is becoming a serious problem which threatens to compromise the integrity of the games. As Fr. Edward Malloy, President of the University of Notre Dame, recently observed: "Nothing scares me more than the potential harm unfettered gambling creates. Scandals erode confidence that what's taking place is a 'real' event. If people begin to believe college athletics are scripted, then why should anybody come to the games? And how is that in any way consistent with what we stand for as an academic institution?"

Coaches, student-athletes, university presidents and amateur athletic organizations all support H.R. 3575. They know firsthand how pervasive the sports betting problem has become and the threat it poses to the integrity of their athletic programs and the student-athletes who participate in them.

Our bill is the number one priority of the National Collegiate Athletic Association (NCAA) and the nearly 1,000 colleges and universities it represents. It is supported by our nation's most respected college football and basketball coaches, 65 of whom signed a letter to Congress urging passage of H.R. 3575. It is supported by the Division I, II and III student athlete advisory councils, which represent most of our na-

tion's college athletes, and by 33 major organizations representing coaches, athletes, administrators, teachers and presidents at the university, college, junior college and high school levels.

Moreover, the National Gambling Impact Study Commission spent two years studying the effects of legalized gambling and recommended that "the betting on collegiate and amateur athletics that is currently legal be banned altogether." Our bill is in response to the Commission's recommendations.

Congress took the first step in 1992 by voting to prohibit legal sports betting in 46 states. It's time now to finish the job. Let's end legal sports betting on college games and put the emphasis back where it belongs: on athletes playing their best, not placing their bets. On beating the competition, not beating the spread.

Mr. Chairman, H.R. 3575 will not ban all gambling or even ban all sports betting. If it passes, there will still be plenty of venues available for people to gamble, including the whole range of professional sports. We are simply trying to put the segment of amateur athletics that is played predominantly by teenagers off-limits to legal betting.

This is the responsible thing to do. It will help protect the integrity of amateur sports from the growing and increasingly negative influence of sports betting. At the same time, it will send a strong signal to the American public that we will not tolerate betting on teenagers. This will help us in the long run to battle illegal betting.

I agree that we need to do more to address the problem of illegal sports betting. But the fact remains that gambling on student-athletes, whether legal or illegal, threatens the integrity of college sports. We can't wage an effective campaign against illegal sports betting, or even expect people to take this problem seriously, as long as the government continues to sanction legal sports betting.

Now the gambling industry would have us believe that legal gambling isn't part of the problem. In fact, they ran an ad last week which claims that legal casinos "have actually helped uncover point-shaving schemes by alerting federal and state law enforcement officials when they observe unusual betting activity."

I hope the Committee asks them about that ad because it just isn't true. There is only one case in which the Nevada sports books detected a college gambling scandal, and that only happened *after the fact*. The gambling industry has never prevented a scandal from occurring, and their assistance to law enforcement has been minimal at best.

What's more, the State of Nevada prohibits betting on its own college teams, on grounds that it threatens the integrity of their sports programs, while allowing such betting on all other colleges. Nevada's own action undercuts the notion that this is a state's rights issue, and sets a double standard that defies logic.

If we allow college sports to be taken over by gamblers, the magic and excitement that people have come to expect from amateur athletics will be gone. We will no longer know if a player misses a layup deliberately or just plain misses. And once we lose that certainty, we will no longer know if amateur sports are still an act of pure competition, or just another act that has been scripted in the betting parlors.

Let's pass H.R. 3575 and keep high school, collegiate and Olympic sports as an institution which all Americans—coaches, players and fans alike—can value and trust. Thank you.

Mr. COBLE. Thank you, Mr. Roemer.

I want to say to the gentlelady from Nevada regarding the absence of the two Senators, as you all know, putting together a hearing such as this can become rather complex, and I am told that we did not hear from the two Senators until last Friday and at that time the invitations had already been submitted and the format had pretty well been put in place, Ms. Berkley. So I do not think there was a concerted effort to keep them out. And I must say that you and Mr. Gibbons, I am confident, can well represent your State.

Mr. ROEMER. Mr. Chairman.

Mr. COBLE. Yes, sir?

Mr. ROEMER. Could I ask to be excused. One of the thorns has to leave and I am sure the rose can stay to listen to my colleague from Nevada. I have an amendment on the floor.

Mr. COBLE. That will be fine, Mr. Roemer.

Mr. ROEMER. Thank you, Mr. Chairman.

Mr. COBLE. Before you leave though, Mr. Roemer, Mr. Gibbons, the pressure is on you because we have heard from two very spirited advocates for their respective positions and now we look forward to hearing from the gentleman from Nevada, Mr. Gibbons.

Mr. Gibbons, good to have you here.

STATEMENT OF HON. JIM GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mr. GIBBONS. Thank you, Mr. Chairman. Before you begin that clock, I would like to ask unanimous consent to revise and extend, and also to submit for the record a copy of a letter from our Nevada Governor Kenny Guinn in his opposition to this, as well as some remarks submitted by Senator Harry Reid from Nevada in opposition to this bill.

Mr. COBLE. Without objection. I believe the members of the committee probably are in receipt of the Governor's letter as well. But without objection, that will be done.

[The information referred to follows:]

OFFICE OF THE GOVERNOR,
Carson City, NV, June 1, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This letter is written in light of the upcoming June 13 hearing of your Committee to consider various pieces of legislation to address illegal sports wagering.

I am pleased to learn that you have invited Nevada Gaming Commission Chairman Brian Sandoval and Nevada Gaming Control Board Member Bobby Siller, to testify at this hearing. Mr. Sandoval and Mr. Siller are distinguished public servants in our State who will provide unique perspectives on this subject. Thank you for your courtesy in inviting them.

Given the importance of this issue, I also wanted to share my views on the matters before you. I do so as Governor of the only state whose economy would be hit hard by some of the proposals before you. I also bring the perspective of an educator who served as Superintendent of our state's largest public school system and as a former university president.

The Congress faces a fundamental choice. If it desires to seriously address the root causes of illegal sports gambling and protect the integrity of amateur athletics, H.R. 3800 and H.R. 4284 offer common sense steps that should be enacted. By contrast, H.R. 3575, backed by the NCAA, purports to address these problems by assuming, erroneously, that federal preemption of Nevada's public sports books will reduce illegal gambling elsewhere. This ill-conceived approach to problem solving would definitely make things worse in Nevada without making things any better in the other 49 states.

H.R. 3575, is an unwarranted and unprecedented attack on the historic right of each State, not just the State of Nevada, to determine for itself whether to permit any form of legal wagering, and if so, under what state licensing and regulatory restraints.

In the case of public sports books, the State of Nevada has carefully regulated this activity with tremendous success for several decades. There are currently 148 state-supervised sports books in Nevada that together directly employ over 1,000 people. Most of these operations are part of larger destination resorts that are among the most popular in the world and constitute the mainstay of our small state's economy.

Nevada's publicly-regulated sports books generate annual state revenues of $6.5 million at a time when, unlike other states, the tremendous population growth in Nevada has resulted in a challenging fiscal future for our state. The economic impact is greater than the direct numbers indicate because publicly-regulated sports wagering is one of the activities that draws visitors to Nevada, particularly at key times of the year. The negative economic impact on the state's private sector will be even greater than the impact on state government because of the investments Nevada companies have made in state-of-the-art sports book facilities.

Congress specifically recognized these various factors in 1992 when it consciously enshrined into the Professional and Amateur Sports Protection Act a provision that "grandfathered" Nevada and other similarly situated states. There has been no attempt in the intervening eight years to overturn that decision until now.

I can only appeal to you and your colleagues in the strongest possible terms not to reverse the well-documented 1992 decision. Given the interests at stake, Congress should not rush to judgment in response to emotional appeals. Instead, fairness dictates that Congress should carefully examine all of the alternative solutions to reduce illegal sports gambling and require all of us to become part of the solution rather than shift blame to a single, smaller State in our Union.

First, it is critical that Congress hear from law enforcement, which can answer why illegal sports gambling thrives nationwide despite being against federal and state laws. As you may know, Nevada's sports books are only responsible for one to three percent of all sports wagering in the country. More importantly, there is simply no comparison between publicly-regulated facilities largely operated by publicly-trade companies and what happens in the underground world of illegal sports gambling.

Second, given their role in publishing point spreads, Congress should take public testimony from the nation's newspapers. We have heard the *theory* espoused that a federal ban on Nevada's publicly-regulated sports books will stop the publishing of such information by others. The Senate Commerce Committee's report on S. 2340 merely assumes that such information elsewhere is only published to foster illegal sports gambling. Given that Nevada jobs and family livelihoods are at stake, it is not too much to ask that Congress not act on mere theories or assumptions, but that it ascertain the *facts* before going back on a nearly decade-old "grandfather" clause.

As the Governor of the only state targeted by H.R. 3575, it is incumbent upon me to express the strong views of the State of Nevada that there is no factual or legal basis for Congress to preempt the constitutionally-protected right of Nevada to determine the State's gaming policies. Were H.R. 3575 a serious legislative response to a documented national problem, it would contain provisions directed at each of the fifty states. The Congress should instead look at H.R. 3800 and H.R. 4284 to determine the best course of action to fashion a meaningful national strategy to reduce illegal sports gambling.

Mr. Chairman, thank you for inviting both Chairman Sandoval and Board Member Siller to your hearing. I also request that this letter be made a part of the hearing record.

Sincerely,

KENNY C. GUINN, *Governor.*

cc: Honorable John Conyers, Jr., Ranking Member
House Judiciary Committee
Nevada Congressional Delegation
Chairman Brian Sandoval
Board Member Bobby Siller

Mr. GIBBONS. Thank you very much. Mr. Chairman, distinguished members of the Judiciary Committee, thank you for having this hearing and allowing us an opportunity to express our strong opposition to this bill.

As the senior Congressman from the State of Nevada, the only State which has legal sports wagering, it is my pleasure to address my thoughts on this issue. Mr. Chairman, it was Lou Holtz who said that abuse leads to restrictions. Unfortunately, it is not Nevada that is abusing these children, it is not Nevada's industries that are going out and soliciting these point-shaving scams or abusing in any other way the dignity of the athletic sport. It is the 35 students that Coach Tubby Smith talked about that are asking to fix 86 games that are abusing the system, and that should be the focus of the attention of this committee.

Mr. Chairman, if I thought this bill would solve the majority of the illegal gaming problems in this country that are so prevalent around this Nation, I think all of us would support it. And like you,

and like the NCAA, I agree that maintaining the integrity of college athletics is an important goal. However, there is absolutely no plausible evidence to suggest that the highly regulated legal sports betting in Nevada is in any way responsible for the illegal wagering that plagues our Nation's college campuses.

The fact is legal wagering on sports in Nevada makes up only 1 to maybe 3 percent of all wagering on sports bet nationwide. The other 97 to 99 percent occurs illegally despite existing laws prohibiting that type of activity.

By banning legal college sports betting in Nevada, you will actually eliminate a vital tool, as you will hear later, used by law enforcement agencies to detect the unusual betting patterns that lead to illegal activity, like point-shaving scams. And I only reference the action of the Arizona State University basketball players of 1994 as a case in point. And let me say, Mr. Chairman, if it was not for the State of Nevada and its gaming associations, rather than the NCAA, that would not have been discovered. It is Nevada that discovered that scheme.

Nevada sports books recognized an unusual betting pattern there and notified the Gaming Control Board. Subsequently, the Gaming Control Board teamed up with the FBI and, in the end, helped uncover the ring of illegal sports fixing and money laundering that was taking place outside of the State of Nevada. Mr. Bobby Siller, a former FBI agent, will be here and be able to offer better insight into the critical working relationship between the Nevada sports book and our law enforcement agencies.

Additionally, proponents of this legislation have demonized the so-called point-spreads that are printed in newspapers across this Nation. Essentially, H.R. 3575 supporters want to do away with the point spread and they blame the legal sports wagering industry in Nevada for the presence of these point-spreads in our Nation's newspapers. Proponents of H.R. 3575 say these point-spreads play a major role in illegal sports betting on our college campuses and contend that if legal wagering on college sports in Nevada were banned, by consequence newspapers across this Nation would voluntarily cease to print these point-spreads. Well, nothing could be further from the truth, Mr. Chairman.

Last week your committee received a letter from the Newspaper Association of America, this letter is two pages long. I will not read it in its entirety but I will request that it be entered into the record if it is not already done so, and I would like to read a brief except from the letter. It states, "If Congress prohibits gambling on professional sports, [the National Association], and that is my addition, of newspapers believes newspapers will continue to have an interest in publishing point-spreads on college games since point-spreads appear to be useful, if not valuable, to newspaper readers who have no intention of betting on games." They go on to say on page two, "Pointing the spotlight on published point-spreads in newspapers fails to acknowledge that an individual can obtain point-spreads on college games through many, many different sources. Illegal bookies on college campuses and the general population will continue to set the betting lines independent of any published point-spread."

You see, Mr. Chairman, the intention of H.R. 3575 is misguided. The point-spreads are desired by the people, the consumers, the American public. Point-spreads are not driven by legal sport betting in Nevada, and the Newspaper Association says very plainly in their letter that newspapers across this country will in all likelihood continue to publish the point-spreads.

So what would be the effects of this misguided legislation? First, you are going to make a lot of bookies on college campuses, who as you might know and very well guess take bets illegally, you are going to make them very happy. Business Week confirmed this opinion recently when it pointed out that this legislation is a "bill that only a bookie could love." H.R. 3575 is an illegal bookie's dream come true.

Second, the unintended consequence here is the human dynamic. It is the people that we represent in the State of Nevada whose lives depend on having a form of employment. We take very personally the representation of those people. They would be put out on the street, their families put in jeopardy. That is the economic connection.

Third, I would not say in any way that this bill would assist with, or improve the enforcement of our current laws prohibiting the combatting of illegal sports gaming. Even the NCAA Director of Agent and Gambling Activities has stated, on national television no less, that when it comes to law enforcement, the NCAA has "a good relationship with the sports books in Nevada." In fact, they want to be connected by computer to all of the sports bets books in Nevada so they can help monitor it.

And fourth, H.R. 3575 would not in any way stop the publishing of those point-spreads, as I have said. Only a fatal stab at the first amendment could stop publishing of those point spreads.

Later today you will have the opportunity to learn more about Nevada's highly regulated, tightly enforced, well-respected gaming industry from the chairman of the Nevada Gaming Commission, Mr. Brian Sandoval. As a highly regarded regulator, Mr. Sandoval will detail Nevada's success in enforcing the laws, which includes strict guidelines to prohibit accepting wagers from anyone who is under the age of 21 and not physically present in the State of Nevada.

Mr. HYDE [RESUMING CHAIR]. Could you wind up, Mr. Gibbons.

Mr. GIBBONS. Yes, sir. I have maybe less than 1 minute.

Mr. HYDE. All right. Go ahead.

Mr. GIBBONS. I appreciate your courtesy, Mr. Chairman. I only followed in the steps of those coaches and the commercials they gave.

Mr. HYDE. Well, I know you followed in their steps and then some, but go right ahead.

Mr. GIBBONS. Thank you, and I appreciate your courtesy.

But we need to support effective law enforcement measures which reduce the pervasiveness of illegal sports betting on and off our college campuses. And as George Will once said in his March 12th column, this measure, H.R. 3575, "sets some sort of indoor record for missing the point."

For this reason, I have introduced H.R. 3800, Mr. Chairman, a bill that would establish the U.S. Justice Department panel to

study and analyze illegal sports gaming and make necessary recommendations for dealing with it. I would agree, and I would hope that Mr. Will would agree, that if you accept that, then this committee will not miss the point.

At the end of the day, Mr. Chairman, it would be my hope that we do something to address the overwhelming and undeniable problem of illegal gaming on our college campuses. Mr. Chairman, in calling for this hearing you cited a recent $5 million taxpayer-funded National Gaming Impact Study. Let me mention there is a quote out of there and I would like to submit for the record a statement of Mr. William Bible, Terrence Lanni, and John Wilhelm of that committee wherein they stated "That at no time did the NCAA petition the NGISC," the National Gaming Impact Study Committee, "to recommend a ban on legal sports betting in Nevada." In fact, the NCAA official, Bill Saum, said it was never their intention "to start a campaign to remove sports wagering from the State of Nevada."

Mr. Chairman, in conclusion, I believe that you should ask all of us a very simple question. And that is, can we shut our eyes to the truth? And if that is the case, let me end this by saying the truth cannot be a casualty of H.R. 3575. I thank you, Mr. Chairman, for the opportunity and would hope this committee will see the light in H.R. 3800.

[The prepared statement of Mr. Gibbons and referenced documents follow:]

PREPARED STATEMENT OF HON. JIM GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mr. Chairman:

Distinguished members of the Judiciary Committee, thank you for allowing me the opportunity to express my strong opposition to H.R. 3575, the Student Athlete Protection Act.

As the senior Congressman from the State of Nevada, the only state in the nation where sports wagering is legal, it is also my pleasure to share Nevada's thoughts on this issue. Before beginning my formal testimony, I would ask unanimous consent to submit into the record a letter from Nevada Governor Kenny Guinn expressing his opposition to H.R. 3575. I would also like to enter into the record a written statement from U.S. Senator Harry Reid.

Like you and the NCAA, I firmly agree that maintaining the integrity of college athletics is an important goal.

However, there is absolutely no plausible evidence to suggest that the highly regulated, legal sports betting in Nevada is, in any way, responsible for the illegal sports wagering that plagues our nation's college campuses.

The fact is, legal wagering on sports in Nevada makes up only one to three percent of all sports bets nationwide.

The other 97 to 99% occurs illegally despite existing federal and state laws.

By banning legal college sports betting in Nevada, you will actually eliminate a vital tool used by law enforcement agencies to detect unusual betting patterns that lead to illegal activity. Take the point-shaving scandal involving some Arizona State University basketball players in 1994 as a case-in-point.

The Nevada sports books recognized an unusual betting pattern and notified the Nevada Gaming Control Board. Subsequently, the Gaming Control Board teamed-up with the FBI and, in the end, helped uncover a ring of illegal sports fixing and money laundering.

Mr. Bobby Siller, formerly of the FBI, will be able to offer better insight to the critical working relationship between Nevada's sports books and our law enforcement agencies.

Consequently, law enforcement experts, including Mr. Siller, who will testify later today, have openly stated that a ban, as proposed in H.R. 3575, would not make a dent in the overwhelming problem of illegal gambling.

Additionally, proponents of this legislation demonize so-called "point spreads" that are printed in newspapers across the nation. Essentially, H.R. 3575's supporters want to do away with them, and they blame the legal sports wagering industry in Nevada for the presence of these point spreads in our nation's newspapers.

Proponents of H.R. 3575 say these point spreads play a major role in illegal sports betting on our college campuses, and contend that, if legal wagering on collegiate sports in Nevada were banned, newspapers across the nation would voluntarily cease to print these point spreads.

Nothing could be further from the truth.

Last week, on June 7th. your committee received a letter from the Newspaper Association of America. The letter is two pages long, so I won't read it in it's entirety, but I would request that it be entered into the record if it is not already. I would like to read a brief excerpt of this letter, and I quote:

"If Congress prohibits gambling on college sports, [the National Association of Newspapers] believes newspapers will continue to have an interest in publishing point spreads on college games, since point spreads appear to be useful, if not valuable, to newspaper readers who have no intention of betting on games . . ." They go on to say, ". . . pointing the spotlight on published point spreads in newspapers fails to acknowledge that an individual can obtain point spreads on college games through many different sources . . . Illegal bookies on college campuses and in the general population will continue to set the betting lines independent of any published point spread." End quote.

So you see, Mr. Chairman, the intention of H.R. 3575 is misguided yet again. The point spreads are desired by the people—the consumers, the American public. Point spreads are not driven by legal sports betting in Nevada. And NAA says very plainly in their letter that newspapers across the country will, in all likelihood, continue to publish point spreads. Period.

So, what would be the effects of this misguided legislation?

First, you will make a lot of campus bookies—who, as you might know, take bets illegally—very happy. *Business Week* confirmed this opinion recently when it pointed out that this legislation is a "bill only a bookie could love." H.R. 3575 is an illegal bookie's dream come true.

Second, H.R. 3575 would create an undue economic burden on thousands of hard-working, taxpaying Nevadans, whose livelihoods depend on the upstanding reputation of the casino-entertainment industry.

Third, H.R. 3575 would not, in any way, assist with, or improve the enforcement of our current laws prohibiting or combating illegal sports gambling.

Even the NCAA Director of Agent and Gambling Activities has stated—on national television—that when it comes to law enforcement, the NCAA has "had a good relationship with the sports books in (Nevada)."

And fourth, H.R. 3575 would not, in any way, stop the publishing of point spreads in newspapers across America. Only a blatant stab at the First Amendment would accomplish that, and I'm sure this committee is not intent on infringing upon the basic right to freedom of speech.

Later today, you will have the opportunity to learn more about Nevada's highly regulated, tightly enforced, and well-respected gaming industry from the Chairman of the Nevada Gaming Commission, Mr. Brian Sandoval.

A highly regarded regulator, Mr. Sandoval will detail Nevada's success in enforcing its gaming laws, which includes strict guidelines to prohibit accepting a wager from anyone who is not physically present and at least 21 years of age.

We need to support effective law enforcement measures which reduce the pervasiveness of illegal sports betting on and off of our college campuses. I would like to echo the concern recently expressed by highly-respected *Washington Post* columnist George Will on this issue.

In his March 12th column, he stated that this measure "sets some sort of indoor record for missing the point."

For this reason, I have introduced a common sense approach to combating illegal sports wagering. My legislation, H.R. 3800, is a bill establishing a U.S. Justice Department panel to analyze illegal sports gambling and make the necessary recommendations to combat it.

I agree with Mr. Will, and it is my hope that this Committee will not miss the point.

Unfortunately, Mr. Chairman and Members of the Committee, banning a legal and well-regulated sports betting industry in one State is a terribly misguided attempt to remedy the larger societal problem of illegal sports wagering on many college campuses throughout this nation.

At the end of the day, it would be my hope that we do something to address the overwhelming and undeniable problem of illegal gambling on our college campuses.

As I conclude my testimony, I have some important questions of the NCAA officials, who are here to testify . . .

If this is such an important issue to the NCAA, how many staff members of the NCAA are charged with monitoring campus wagering?

And, how many student athletes have been disciplined for their involvement in illegal sports wagering?

And finally, why does the NCAA maximize the commercialization of college sports and accept sponsorship revenue of alcohol and tobacco companies, who sell products that are restricted to minors?

Mr. Chairman, in calling for this hearing, you cited a recent $ 5 million taxpayer-funded study by the National Gambling Impact Study Commission. I have for submission to the record, a joint statement from three members of the NGISC, William Bible, Terry Lanni, and John Wilhelm. In this statement, the commissioners state, and I quote, "that at no time did the NCAA petition the NGISC to recommend a ban on legalized sports betting in Nevada." End quote. In fact, NCAA official Bill Saum said it was never their intention to, quote, "start a campaign to remove sports wagering from the state of Nevada."

Thank you for this opportunity to share my thoughts on this important issue, and I welcome your questions or comments.

PREPARED STATEMENT OF WILLIAM A. BIBLE, J. TERRENCE LANNI AND JOHN W. WILHELM, MEMBERS, NATIONAL GAMING IMPACT STUDY COMMISSION

As members of the National Gambling Impact Study Commission (NGISC), which completed its work one year ago this month, we are pleased to provide the House Committee on the Judiciary our thoughts on sports wagering and intercollegiate athletics.

Since the legislation creating the NGISC originated in the Judiciary Committee, you know that the commission's statutory mission was "to conduct a comprehensive legal and factual study of the social and economic impacts of gambling in the United States." The statute expressly defined "gambling" as only legalized forms of betting. Since almost all sports wagering is illegal, this subject was *not* a central focus of the commission's study and recommendations.

Nonetheless, the NGISC narrowly adopted a recommendation calling for a ban on currently legal wagering on intercollegiate athletic contests. Of the nine members, three—Mr. Bible, Mr. Lanni, and Mr. Loescher—voted against this recommendation, while Mr. Wilhelm abstained. At the time of the vote, Mr. Wilhelm indicated that the recommendation made no sense, was irrelevant to the larger issue of campus and underage sports wagering, and missed the target of illegal gambling because the proposed recommendation created the illusion that the commission was addressing the problem without the reality of doing so.

The Commission's report estimated that between 97 and 99.5 percent of all sports wagering is done illegally, with annual illegal wagering somewhere between $80 billion and $380 billion. By contrast, Nevada's Gaming Control Board reports that all sports wagering in Nevada totals about $2.3 billion annually. About $650 million of this figure is generated by college athletic contests from persons over 21 physically present in Nevada. This activity is very important to the economy of Nevada because sports bettors come to the state during major sporting events to participate in legal wagering and in the process contribute substantially to other Nevada economic activities. Thus, the small amount of sports wagering relative to other gaining revenue does not recognize the activity's true economic impact and importance as a generator of meaningful jobs in Nevada.

The key issue is the difference between legalized sports wagering and illegal betting. In previous testimony before Congress, other members of the NGISC have pointed out that they voted to ban sports wagering in Nevada because of "the unprecedented rash of college sports betting scandals, in recent years" and because of "an epidemic of sports gambling on college campuses, as well as an alarming rate of gambling addiction among college students."[1]

Concern about *illegal* sports gambling was central to the testimony at the NGISC's hearing in Las Vegas on November 10–11, 1998, by Mr. Bill Saum, the NCAA's Director of Agent and Gambling Activities. He was quite clear that *illegal* betting on campuses or through the Internet is of serious concern to the NCAA. He stated at the time that the NCAA supported the following five steps to curb the problem:

[1] Testimony of James C. Dobson, Ph.D. Member, National Gambling Impact Study Commission and President, Focus on the Family, at a hearing before the Senate Commerce Committee re: Gambling on Collegiate and Amateur Athletic Events on March 29, 2000.

1. Campus-initiated sports gambling education efforts
2. Internet gambling prohibition legislation
3. A crackdown on "sports tout" advertising practices
4. More studies devoted to teenage and college student gambling behavior
5. Continued assistance from law enforcement.

At no time did the NCAA or Mr. Saum (or anyone else for that matter) petition the NGISC to recommend a ban on legalized sports betting in Nevada. In fact, the reverse is true because he stated that we would not see the NCAA "start a campaign to remove sports wagering from the state of Nevada." Mr. Saum eloquently pointed out that the thrust ought to be education. "We need to raise . . . awareness of what is wrong with illegal sports wagering," he said. "We need law enforcement to step up to the plate and we, as the NCAA, need to continue to educate our athletes and our athletic administrators." As members of the NGISC, we could not agree more.

As noted earlier, Congress expressly limited the commission to investigating and studying *legalized* gambling. In compliance with this restriction, the NGISC gathered no information that addressed any linkages between legal and illegal sports wagering; took no extensive testimony, other than from the NCAA, about the prevalence of gambling on our college campuses; and reviewed no law enforcement data or files that would indicate. that legal sports wagering in Nevada contributes to illegal sports wagering elsewhere.

Unlike the other areas within the scope of our Congressional mandate, the Commission conducted no independent research on sports wagering. No special subcommittees were formed, unlike what was done for tribal and Internet gaming issues. Indeed, in its final report the NGISC wrote: "The Commission needs to know how widespread the phenomenon of underage sports gambling is now, the relationship between sports wagering and other forms of gambling, and the ways to prevent its spread."

Indeed, very little attention has been paid to illegal wagering in this country—even as this Congress has taken up the issue of intercollegiate athletics and wagering. The problem is universally acknowledged by all concerned, but the NCAA's proposed solution does not focus on the real problem—illegal wagering. By contrast, legal wagering on sports in one state, where it is heavily regulated and taxed, was not presented to the NGISC as part of the problem by those who should know best—the NCAA itself.

Instead of banning legalized college sports wagering in one State, we would encourage Congress to, instead, approve further study of illegal sports wagering, which was outside of our charge, and encourage the NCAA to take those steps which they advocated before the NGISC. We should turn our attention to campus education programs, law enforcement support, and learn more about teenage and college gambling behavior. The NCAA's proposal before you today is merely cosmetic, "feel good" legislation, as several columnists have called it. Sadly, it does nothing to solve an important public policy problem.

SUMMARY OF AMERICAN GAMING ASSOCIATION VIEWS ON SPORTS WAGERING

Nevada hotel-casinos operate state-regulated sports books among the many entertainment choices they offer. This wagering is very small compared to illegal sports gambling (about I percent), and is accessible only by those over 21 who are present in Nevada. Congress approved this activity in 1992 and there is no reason to ban it now.

Last year, the NCAA told us that Nevada wagering should be banned in order to take point spreads out of newspapers. However, newspapers indicate they will continue to publish this information anyway because surveys show that readers use it largely for *non*-wagering purposes. Thus, H.R. 3575 will *not* achieve its goal and it would be grossly unfair to harm Nevada's economy for no reason.

Illegal gambling on sports is a serious problem. The Committee has three bills pending before it. A bill already approved, H.R. 3125 on Internet gambling, will do the most to address this problem. Of the pending bills, H.R. 3575 will do nothing to change the atmosphere on campus, where student sports gambling problems originate, nor will it improve law enforcement, increase research, or expand treatment and prevention programs. By contrast, H.R. 3800 and H.R. 4284 mandate Justice Department actions and strengthen penalties for violating anti-gambling laws *as the NCAA recommended to the National Gambling Impact Study Commission.*

The Committee does *not* need to take our word for it that H.R. 3575 will *not* work:

- George F. Will—"Congress now is contemplating a measure that sets some sort of indoor record for missing the point." *The Washington Post*, 3/12/00.
- *Sports Illustrated* Columnist Rick Reilly—"In fact, passing the bill would be like trying to stop a statewide flood in Oklahoma by fixing a leaky faucet in Enid. Nevada handles only about I% of the action on college sports. Not that bookies and the mob wouldn't very much like to get their hands on that 1%." *Sports Illustrated*, 3/22/00.
- *Chicago Sun-Times Editorial*—"A Nevada ban is more likely to push wagers underground or onto the Internet . . . A ban will do little to stop betting on college games." 2/3/00.
- *Sporting News* Columnist Mike DeCourcy—"The NCAA has put no thought whatsoever into its push . . . This is strictly a public relations move that offers no tangible benefit." 1/19/00.
- *Business Week*—"Now (the NCAA) is looking to fix its image with a bill only a bookie could love." 1/31/00.
- *USA Today* Founder Al Neuharth—"University and college presidents and coaches properly are concerned about the integrity of campus sports. But the solution to the problem is getting their own houses in order." *USA Today* 3/17/00.

The public agrees. In a recent survey, only 38 percent support banning sports wagering in Nevada, while nearly 70 percent said a ban would be *unlikely* to eliminate most illegal betting.

Mr. HYDE. Thank you, Mr. Gibbons. Would you be willing to support a bill to remove the immunity from Nevada institutions from being gambled about or gamed about? If what you have said is true, would you support opening them up to wagering?

Mr. GIBBONS. You mean Nevada schools?

Mr. HYDE. Yes. The one shining exception in all of this traffic is the Nevada schools. I am trying to figure out why they are different.

Mr. GIBBONS. Mr. Chairman, let me attempt to address that because that was a pre-existing ban on Nevada long before this issue came around. It has to do with the families who live in Nevada, who work in Nevada, some of whom are in the gaming industry whose children are in the sports themselves in those communities who have the very knowledge, the insider knowledge of what that child ate for breakfast, what is wrong with him on any given day, what his emotional conduct is, and we did not want to create a situation where that insider information could become an influence in their activity.

Mr. HYDE. So it was a reaction to the possibility of insider information giving an advantage to someone who was wagering.

Mr. GIBBONS. Precisely.

Mr. HYDE. And only Nevada has that protection.

Mr. GIBBONS. It is only because in Nevada those people are directly related in many cases to the operation and the employment in those casinos. Just as you would say if Kelloggs is putting out an award, that its employees and their families cannot participate in that award.

Mr. HYDE. Okay.

Traditionally, we do not question you and I have violated that. Forgive me, I could not resist it. Thank you very much.

Mr. GIBBONS. You are welcome. I ran over my time, I appreciate that.

Mr. HYDE. Thanks very much for both of you.

We have three more witnesses and then we will have completed. I deeply appreciate their forbearance. Mr. Frank Fahrenkopf, a

good friend, president and chief executive officer of the American Gaming Association. Mr. Fahrenkopf is a graduate of University of Nevada-Reno and received a juris doctorate from Bolt Hall School of Law at the University of California-Berkeley. Prior to joining the American Gaming Association, he was chairman of the Republican National Committee and was a partner at the law firm of Hogan & Hartson. He is a native of Reno, Nevada.

Next we have Bobby Siller, a member of the Nevada Gaming Control Board, and he is responsible for the Gaming Control Board's daily enforcement activities. He is a graduate of the Senior Managers in Government Program at Harvard University's John F. Kennedy School of Government. He has received a management degree from DePaul University in Chicago, and is a veteran of the United States Air Force. Prior to being appointed to the Board by Nevada Governor Kenny C. Guinn, Mr. Siller was the special agent in charge of the Las Vegas division of the FBI. Mr. Siller was awarded the rank of Meritorious Executive in the Senior Executive Service of the FBI by the President.

Our last witness is Mr. Brian Sandoval, chairman of the Nevada Gaming Commission, the policy-making body for State gaming regulation in Nevada. He was appointed to that post by Nevada Governor Kenny C. Guinn. He is a former member of the Nevada State Assembly and presently is in private practice of the law in Reno, Nevada. Mr. Sandoval is a graduate of the University of Nevada-Reno and received a juris doctorate from the Ohio State University College of Law.

Unfortunately, Dean Smith, the former head men's basketball coach from the University of North Carolina, intended to testify but his travel plans went awry and he was unable to get a plane here this morning. We regret that but we welcome you very much.

Mr. Fahrenkopf, if you would lead off.

STATEMENT OF FRANK J. FAHRENKOPF, JR., PRESIDENT AND CEO, AMERICAN GAMING ASSOCIATION

Mr. FAHRENKOPF. Mr. Chairman and members of the committee, I have been around this town for a long time and I always thought that the basic test for any piece of legislation should be whether there is a demonstrable cause and effect relationship between the purported problem to be addressed and the proposed solution. And using that simple test, I strongly oppose the Graham-Roemer bill because I believe it, in effect, imposes a death penalty on Nevada sports books without any persuasive evidence of such a cause and effect relationship.

In 1992 this Congress specifically, and I think that is important, specifically authorized the continuation of Nevada's sports wagering. It was not a loophole in the law. If you go back and read the record, this Congress specifically allowed Nevada to continue its activities because of the economic importance it had to the State of Nevada and because it was policed, well-regulated, and taxed. We do not believe there is any need to reverse that decision.

There is simply no comparison and no connection between the 2 percent of sports wagering that takes place in the Nevada sunshine and the 98 to 99 percent of illegal sports wagering elsewhere. Let me give you some idea of what we are talking about. The National

Gambling Impact Study Commission guesstimates, because that is all they can do, from law enforcement testimony that up to $380 billion is bet every year in this country on sports. Of that amount, less than 1 percent is legally bet in the State of Nevada.

Let me also tell you there are no bets on high school sports. People up here are throwing around that we have got to protect against that. There are no bets in Nevada on high school sports and there never have been.

The NCAA offered three rationales for this bill. They came to see me actually early on. The first one was the one that you have heard a lot about; namely, that if Nevada was prohibited from going forward with the sports book, that we would not have the press putting the point spreads in the newspaper. I advised Cedric Dempsey of the NCAA that we do not make the book, that, sure, some of our lines make it, but probably the most quoted sports line is in USA Today from a man named Danny Sheridan that is quoted elsewhere. He lives in Mobile, Alabama. He has nothing to do with living in Nevada. And I was happy to see that the Newspaper Association of America came forward with the letter, I will not go over it, the Congressman I think made it very, very clear that the press intends to publish the point spreads. And the allegations by the NCAA of the reason why people like those spreads are not as the NCAA has testified.

Secondly, supporters of the bill claim that point-shaving incidents are somehow now recent and rampant. That is just not supported by the facts. The NCAA stated in its testimony before the Senate just a month ago that these incidents are "rare." That is their testimony, not mine. The Arizona State and Northwestern cases are 5 years old at this point in time. There were more scandals actually involving more players affecting the outcome of games before the modern sports books existed in Nevada. Law enforcement and the NCAA have acknowledged that Nevada sports books perform a valuable watchdog role, as Congressman Gibbons just indicated.

But more importantly, Mr. Chairman, debts to illegal student bookies—debts to illegal student bookies were at the core of the Northwestern case and the Arizona State case. You know Dan Webb, the former U.S. attorney in Chicago, I suggest, with all due respect, that you talk to him. He was one of the defense lawyers. Talk to the prosecutors in these cases and find out what law enforcement says about whether Nevada was really the cause. I think you are going to find them saying Nevada was not.

Third, the NCAA says they want to bring back the integrity and the amateur back in amateur athletics. Let me tell you, if we are going to return college sports to purely amateur status, it is going to take a herculean effort. Under its new contract with CBS Sports, the NCAA will take in over 10 times more in the month of March each year $550 million from one sport, the men's basketball tournament, than Nevada wagering nets in an entire year from all sports. And as they were questioned in the Senate, how much of that $6 billion contract are they going to dedicate to enforcement on campuses, where the rubber meets the road with this problem of gambling. Zero. And I am going to come back to that in just a moment if I can.

Furthermore, even though currently illegal, Graham-Roemer's supporters say that office pools and tailgate wagers are fine, they are not talking about that, while attacking legal wagers in Nevada. If a $20 wager is okay when made in the parking lot of a stadium where the game is played, what makes a $20 wager in a regulated sports book thousands of miles away in Nevada so threatening?

Mr. Chairman, we are not alone in those views. As has been previously pointed out, we are joined by national columnists as varied as George Will and Al Neuharth, sports commentators from Sporting News, Sports Illustrated, Fox Sports Net. Just last night, HBO Sports ran an excellent segment in which Bryant Gumble and Larry Merchant said this bill will not work. Ask law enforcement whether this is going to work. That is somebody who has really been missing from this panel. This committee can ask the FBI whether or not they think the problem aimed at, the illegal bookies on campuses, is in anyway going to be affected by this legislation. I hope you will do that, sir.

Well if not Graham-Roemer, I think, as has been indicated by the two Congresspeople from Nevada prior to my testimony, there is a solution with their legislation.

But finally, I think when we come to the bottom line, Mr. Chairman, prohibitory laws are not enough, not without enforcement and education. Last year, the NCAA recommended to the NGISC a national youth summit but wanted the Federal Government to organize it and to fund it. The Commission properly criticized the NCAA for linking its role to Federal funding. And so we came forward, even before the Graham-Roemer bill, and said, look, what we will do is we will co-fund with you NCAA a summit on a 50–50 basis to get to the root of why college students in this country are betting illegally, are taking this action. No answer from the NCAA. We repeat that today. We are willing to do that.

I think it is very, very important that you look at the testimony that is in the National Gambling Impact Study Commission. If you would listen to the NCAA witnesses today, they would make you believe that they are going full-bore and have done a remarkable, remarkable job in fighting and doing a good effort on the NCAA's campuses. Not so. The question was asked, I believe, by Mr. Cannon what portion of the NCAA budget goes to fight illegal gambling. In 1998 and 99, out of a $300 million budget, $60,000 was dedicated to this. Paying Mr. Saum, who not only, and he does a great job, has to deal with illegal gambling, but he also has to deal with the question of agents' activity with students.

They have not done the job, and they admit it. Let me read you testimony from the head of the NCAA, Cedric Dempsey, to the Federal Commission: "Despite our increased efforts in the area of sports gambling education, the NCAA is only scratching the surface in addressing the disturbing pattern of gambling behavior among college students and youth. It is our hope that targeted recommendations contained in the Commission's final report can help us deal with it."

I also would say when Mr. Spanier was testifying, according to the Penn State student newspaper, guess what? The Digital Collegian says that on January 22, 1999, the student campus sponsored a Las Vegas Night with campus groups sponsoring this and prizes

in lieu of cash. If you are talking about sending signals, the NCAA has a responsibility here because they are really where the rubber meets the road.

Let me just close by saying this, and I direct it with all good deference to my friend, Mr. Graham. According to the Sporting News of this week, June 7th, Congressman Graham said that this legislation was going to pass Congress and it is going to pass it because Congress gets "star struck," those are his words, and they would be star struck by the nationally known coaches on this panel today.

Well, I have the utmost respect for those coaches and the integrity of sports. Everyone wants to do something that is going to have this problem done away with. But Mr. Chairman, good theater—good theater should not be a substitute for informed public policy decisions. And there is no nexus between this bill and the problem. Thank you.

[The prepared statement of Mr. Fahrenkopf follows:]

PREPARED STATEMENT OF FRANK J. FAHRENKOPF, JR., PRESIDENT AND CEO, AMERICAN GAMING ASSOCIATION

I. INTRODUCTION

Mr. Chairman and other distinguished members of the Committee:

I am pleased to be here today on behalf of the American Gaming Association to discuss the fundamental differences between legal and illegal sports wagering. We welcome this opportunity to set the record straight about the legal sports wagering that takes place on a relatively limited basis, but that is very important, in my home state of Nevada, and the massive *illegal* gambling conducted by *others* in the remaining 49 states.

The American Gaming Association is the national trade association of U.S. commercial hotel-casino companies, gaming equipment manufacturers, and vendor-suppliers of goods and services to the industry. Our casino members are primarily comprised of publicly traded companies that are carefully licensed and closely supervised by state regulators. AGA members with Nevada hotel-casino resorts operate federally-grandfathered, state-regulated race and sports books among the many entertainment choices offered in their world class resort facilities.

The U.S. commercial casino industry directly employs over 325,000 people in the 11 commercial casino gaming states in which our members have invested billions of dollars. Commercial gaming companies purchase billions of dollars in goods and services from virtually every state in the country to serve our tens of millions of annual customers, thus indirectly creating many hundreds of thousands of more jobs nationwide.

AGA members are major sources of state and local tax revenues in the states in which they are located (e.g., over $2.5 billion in annual direct gaming tax revenues alone) and outstanding corporate citizens with stellar records of commitment to the communities in which they operate.

II. SUMMARY

We agree that *illegal* gambling on sports and otherwise, particularly among college students, is a very serious national problem. We share the NCAA's goal of protecting the integrity of amateur athletics, but even the NCAA admits that Nevada sports books have been helpful to them in their enforcement efforts.

This Committee presently has three bills pending before it on sports wagering and a fourth bill already approved by the Committee that is very relevant to this discussion, H.R. 3125 on Internet gambling. Of the three pending bills, H.R. 3575 is built on the faulty premise that ending the small amount of legal wagering in Nevada that Congress approved in 1992 will reduce illegal gambling outside Nevada. In fact, H.R. 3575 will *do nothing* to change the atmosphere on our nation's campuses, where illegal campus sports gambling problems originate.

H.R. 3575 will also *do nothing* to improve law enforcement, increase research, or bring treatment and prevention programs into wider use. The attached chart compares the three bills in question.

By contrast, H.R. 3800 and H.R. 4284, by mandating Justice Department actions and strengthening penalties for violating federal anti-gambling laws, are properly

directed at the illegal gambling problems at issue. Each bill is based on recommendations of the National Gambling Impact Study Commission, the NCAA, and the AGA. Thus, they form a solid basis on which to move forward constructively in the few remaining days of the 106th Congress.

The Committee does *not* need to take our word for it that H.R. 3575 will not reduce illegal sports gambling or protect the integrity of amateur athletics. Listen to just some of the *independent* analysts who have spoken out to date:

- *George F. Will*—"Congress now is contemplating a measure that sets some sort of indoor record for missing the point." *The Washington Post*, March 12, 2000.
- *Sports Illustrated Columnist Rick Reilly*—"In fact, passing the bill would be like trying to stop a statewide flood in Oklahoma by fixing a leaky faucet in Enid. Nevada handles only about 1% of the action on college sports. Not that bookies and the mob wouldn't very much like to get their hands on that 1%." *Sports Illustrated*, March 22, 2000.
- *FBI Special Agent Michael Welch*—"The mob will always be involved in sports bookmaking, whether it's legal in Las Vegas or not." *The New York Daily News*, March 12, 2000.
- *Chicago Sun-Times Editorial*—"A Nevada ban is more likely to push wagers underground or onto the Internet . . . A ban will do little to stop betting on college games." Editorial of February 3, 2000.
- *Sporting News Columnist Mike DeCourcy*—"The NCAA has put no thought whatsoever into its push . . . This is strictly a public relations move that offers no tangible benefit." Column in *The Sporting News*, January 19, 2000.
- *Business Week*—"Now (the NCAA) is looking to fix its image with a bill only a bookie could love." January 31, 2000.
- *USA Today Founder Al Neuharth*—"University and college presidents and coaches properly are concerned about the integrity of campus sports. But the solution to the problem is getting their own houses in order." *USA Today* column on March 17, 2000.

The public agrees with these independent analysts. In a recent national opinion survey, only 38 percent of those polled supported banning legal sports wagering in Nevada, while in response to another question nearly 70 percent said banning the small amount wagered in Nevada would be *unlikely* to eliminate most illegal betting (Luntz/Hart survey for the AGA).

III. THE IMPORTANCE OF INTEGRITY TO NEVADA'S GAMING INDUSTRY

We share the goal of this Committee that the integrity of amateur sports be protected for three basic reasons.

First, our members have legal duties to meet as state-licensed, regulated enterprises.

Second, our members have moral obligations to uphold as good corporate citizens.

Third, our members have an overwhelming financial interest in maintaining the integrity of *all* games offered, including wagers placed at their Nevada sports books. This financial interest takes two forms. Our industry will rightfully lose public confidence and with it customers if gaming is not conducted fairly and honestly. Furthermore, Nevada's sports books can unfairly lose money if a customer places a wager while attempting to manipulate the outcome of the game. Thankfully, we agree with the NCAA that these scandalous incidents are *rare*.

IV. KEY ASPECTS OF NEVADA'S STATE-REGULATED SPORTS BOOKS

A. Overview

Legal sports wagering in Nevada is relatively small in volume, accessible only by adults who are Nevada residents or visitors to the state, strictly regulated, closely-supervised, subject to taxation, and part of a broader entertainment experience that drives the industry that is the backbone of Nevada's economy.

B. High School and Olympic Wagering Are "Red Herrings"

The NCAA has thrown two red herrings into this debate to divert attention.

First, there is no legal wagering on high school sports in Nevada. By contrast, there no doubt *is* a serious problem at high schools with students betting on sports and otherwise gambling with fellow students. Congress should consider requiring high schools to include gambling awareness instruction much as they already disseminate information on alcohol and drug abuse. The high school level is certainly

not too early or too late to communicate the important message that minors should refrain from gambling—period.

Second, as to the Olympics, there has been only minimal wagering on events such as the men's basketball "Dream Team" several years ago. A U.S. Olympic Committee representative told the Associated Press that this virtually nonexistent wagering has caused no problems. Nevada regulators will have to determine whether *any* Olympic wagering is allowed in the future.

C. State Regulation of Legal Sports Books

Legal sports wagering in Nevada is subject to careful regulation by the Nevada Gaming Commission and the Nevada Gaming Control Board. Only adults at least 21 years of age and physically present may place a recorded, legal wager. Out-of-state wagering is strictly prohibited and regulators have taken steps in recent years to strengthen this prohibition. There is no suggestion, much less any evidence, that Nevada's sports books are anything but well regulated and well run.

D. Federal Law, Gaming Policy and Sports Wagering

1. The Professional & Amateur Sports Protection Act (PASPA)

Congress *explicitly* recognized the importance of legal gaming, including sports wagering, to the small state of Nevada and its economy when the Professional and Amateur Sports Protection Act (PASPA) was enacted in 1992. Far from being a "loophole" as some erroneously claim, Congress *expressly* included a "grandfather clause" in PASPA to defer to *all* states, including Nevada, with pre-existing statutes. This was done to protect legitimate economic interests and legal principles. Senate Report 102–248 makes this case very strongly:

> Neither has the committee any desire to threaten the economy of Nevada, which over many decades has come to depend on legalized private gambling, including sports gambling, as an essential industry, or to prohibit lawful sports gambling schemes in other States that were in operation when the legislation was introduced. (. . .)
>
> Under paragraph (2) [of S. 474], casino gambling on sports events may continue in Nevada, to the extent authorized by State law, because sports gambling actually was conducted in Nevada between September 1, 1989, and August 31, 1990, pursuant to State law. Paragraph (2) is not intended to prevent Nevada from expanding its sports betting schemes into other sports as long as it was authorized by State law prior to the enactment of this Act. Furthermore, sports gambling covered by paragraph (2) can be conducted in any part of the State in any facility in that State, whether such facility currently is in existence.

PASPA's preservation of previously enacted state statutes is consistent with the fact that since the founding of our country, states, not the federal government, have determined what gambling, if any, should be permitted in each state, and if so, how lawful wagering is regulated. The federalism principle underlying this division of authority is enshrined in the Tenth Amendment to the Constitution.

A *unanimous* National Gambling Impact Study Commission, a majority of whose members were self-described as "anti-gambling," reaffirmed this state-based approach (*see* Recommendation 3.1). The Public Sector Gaming Study Commission, a panel of state and local government officials sponsored by the National Council of Legislators from Gaming States, made a similar *unanimous* recommendation this year. The primacy of state gaming regulation enjoys broad public support (75 percent approval in an American Viewpoint survey last year).

The Committee should carefully consider the important constitutional issues raised by H.R. 3575. In a series of cases, starting with *U.S.* v. *Lopez* (1995) through *U.S.* v. *Morrison* (May 15, 2000), the Supreme Court held statutes unconstitutional because they intruded on areas of traditional state law enforcement and regulation notwithstanding their worthy objectives and claims that Congress had acted within its Commerce Clause authority.

Furthermore, the Nevada "grandfather clause" is consistent with the legislative purpose of PASPA. The statute's legislative history clearly reflects that its primary purpose is to prevent the expansion of sports wagering as a state-sponsored activity via lottery games. Allowing Nevada to continue its well-regulated intrastate sports books does not detract from preventing states from expanding sports wagering through their lotteries. In fact, PASPA has succeeded in accomplishing that basic purpose.

2. Nevada Has Relied On Current Federal Law For A Decade

Nothing has changed since 1992 to alter the legal and economic basis for PASPA's *prospective* application. If anything, the passage of almost a decade *strengthens* the

case for not re-opening (much less arbitrarily overturning) the "grandfather clause." In reliance on that provision, Nevada's casino-hotel industry has invested tens of millions of dollars in state-of-the-art race and sports book facilities that are very popular with millions of adult patrons each year. The "grandfather clause" has taken on even greater economic significance in the eight years since it was enacted in 1992. Now that commercial casino gaming has spread to ten other states, and Native American casinos have spread to about half the states, legal sports wagering is one of the characteristics of Nevada's resort experience that distinguishes it from other states. To repeal it now, as H.R. 3575 proposes, would break the bargain that was essential to PASPA's enactment.

E. Congress Is At Odds Over Betting Lines In Newspapers

The Committee should be aware of the serious policy and factual conflicts posed by H.R. 3575. On the one hand, proponents of H.R. 3575 argue that ending legal wagering in Nevada will reduce illegal gambling elsewhere by removing the justification for newspapers to publish point spreads (see below). On the other hand, both the existing Wire Act (18 USC 1084(b)) and H.R. 3125, the Internet gambling bill approved by this Committee earlier this year, *expressly protect the news reporting of gambling-related information such as point spreads.*

We respectfully submit that the Congress cannot have it both ways. Since the First Amendment and federal statute protect the publishing of point spreads, Congress should *not* legislate a legal business into oblivion, as H.R. 3575 proposes, on the mere *theory* that doing so will eliminate "protected" point spreads from newspapers and the Internet, and in turn reduce illegal gambling.

The Senate committee report on S. 2340 boldly asserts that, "The point spreads are generated (in newspapers, on the radio, television and the Internet nationwide) *for no other reason than* to facilitate betting on college sports" (page 3 of Rpt. 106–278), but offers no proof. Similarly, the NCAA told the Senate hearing that, "The pending legislation *will eliminate any justification* for the publishing of point spreads (betting odds) on college games in our nation's newspapers" (Dr. Charles Wethington, page 3) (emphasis added), again without any proof. *However*, the NGISC's executive director testified that the commission did *not* consult with newspapers or otherwise determine whether ending wagering in Nevada would have the intended effect on the publication of point spreads. The nation's newspapers are in the best position to speak to this issue.

When we met with the NCAA last October, we were told that ending point spreads to put a dent in illegal gambling was the *primary* reason for their proposal. We informed them that initial betting lines are generated for sports books by *independent* odds-making services. Decisions about whether to publish betting lines are made by *hundreds of independent* newspaper editors. The NCAA said they had been unsuccessful in getting newspapers to stop publishing point spreads.

The NCAA gave *USA Today* as an example, yet the point spreads published by that paper are provided by Danny Sheridan of Mobile, Alabama. Even if Mr. Sheridan's line were removed from newspapers, the same information is available from "800" and "900" telephone services and over the Internet. Several years ago, the NCAA tried to withhold press credentials from sports reporters for newspapers that publish point spreads. The NCAA was forced to abandon that effort in the face of First Amendment and other legal objections. *There is no basis to conclude that the NCAA would be any more successful just because legal wagering was no longer offered in Nevada.*

F. The Economic Significance Of Nevada's Sports Books

Nevada Governor Kenny Guinn recently wrote this Committee to express his strong concerns about the negative economic effects that H.R. 3575 would needlessly inflict on Nevada's economy and its citizens.

While race and sports book revenue is a small percentage of total gaming revenue, this comparison vastly understates the importance of legal sports wagering to Nevada's tourism industry and the jobs that are dependent on it. For example, this past January an estimated 250,000 visitors came to Las Vegas for Super Bowl Weekend when the hotel occupancy rate was essentially 100 percent. The Las Vegas Convention & Visitors Authority estimated that the *non-gaming* economic impact of these visitors was $80 million over that single weekend.

A similar positive economic impact occurs during the NCAA men's basketball tournament and during football season. The jobs generated are not only those in the race and sports books, but extend throughout each of the hotel-casino-resort complexes to maids, valet parking attendants, food and beverage servers, and casino floor personnel. This job creation also includes those employed by the airlines, rental

car agencies and taxi services that transport visitors. These jobs, as well as federal, state, and local tax levies, help generate billions of dollars in government revenues.

G. Legal Sports Wagering Is Dwarfed By Illegal Sports Gambling

Nevada's sports wagering is relatively small, in fact infinitesimal, in comparison to *illegal* sports gambling. According to the National Gambling Impact Study Commission, illegal sports gambling is as high as *$380 billion each year* (Final Report at page 2–14). By contrast, *legal* sports wagering in Nevada is *less than one percent of that total.*

The NCAA men's basketball tournament is a case in point. The total amount wagered legally in Nevada runs between $60 and $80 *million*. By contrast, in 1995 the FBI estimated that the amount wagered *illegally* was $2.5 *billion*. NCAA president Dempsey was quoted last year as estimating that *illegal* wagers would be closer to *$4 billion. The Cincinnati Post* (March 18, 2000) stated that *$3 billion* would be bet *illegally* this year. *The Christian Science Monitor* (March 22, 2000) concluded that, "An estimated 10 million fans will go online to get odds or more information on teams, often to place wagers."

V. ILLEGAL SPORTS GAMBLING IS A SERIOUS NATIONAL PROBLEM

A. Overview

Distinct from legal sports wagering, illegal sports gambling takes many forms. At one end of the spectrum are office pools and other casual betting among friends that many argue is harmless. While in most states this gambling violates the law, the NGISC found that it is not prosecuted. On the other end of the spectrum is the dark underworld of professional bookies in many communities and on too many campuses. These bookies often have links to organized crime that extend, at least indirectly, to student bookies (NGISC Final Report at page 3–10).

B. Illegal Sports Gambling Over the Internet

The most dangerous development in the spread of illegal sports gambling is the growth of Internet gambling, whose illegal operators stand to benefit handsomely if Nevada's legal sports books are banned. Given widespread access to the Internet, including by minors, and the fact that persons operating Internet gambling sites are unregulated and offshore, the negative effects of this form of illegal gambling will only grow unless Congress acts very quickly to combat it.

According to a recent report by Bear, Stearns & Co., there are more than 650 Internet gambling sites, including hundreds of sites that take sports wagers despite the prohibitions in the Wire Act. Every personal computer is a portal for young and old alike to wager illegally with unregulated cyber-sports books that lack the legal protections that apply to Nevada's state-regulated sports books.

C. Illegal Sports Gambling Is Already Illegal

Illegal sports wagering thrives despite the fact that federal and state law *already* prohibits it. PASPA *already* prevents additional states from sponsoring sports wagering via state lotteries and from authorizing it via private entities. Use of the telephone or the wires to transmit wagers across state lines has been against federal law *since the early 1960s*. Sports bribery is a serious federal crime. Other federal statutes *already* prohibit the interstate shipment of gambling paraphernalia and the transport of unregulated wagering devices.

Thus, if merely enacting prohibitory laws were enough to deter this activity, the problem would not be as severe as all concede it is today. The solution, then, is not a matter of having more laws on the books to prohibit illegal gambling or banning the very small amount of regulated wagering that takes place in Nevada. Rather, the solutions lie in properly enforcing existing laws and making certain that penalties are adequate to deter violations. Congress should hear from federal, state and campus law enforcement *before* deciding whether to proceed with legislation to ban wagering in Nevada (H.R. 3575) in lieu of concrete steps to address illegal sports gambling (H.R. 3800 and H.R. 4284).

D. Illegal Sports Gambling on College Campuses is Out of Hand

The problems caused by illegal sports gambling are compounded many times over on college campuses. The NGISC concluded that, "There is considerable evidence that sports wagering is widespread on America's college campuses" (Final Report at page 3–10).

First, given the extent to which our nation's colleges are wired to the Internet, *a laptop in a single dorm room has access to twice or triple the number of Internet sports gambling sites than there are sports books for those present in Nevada.* That access will continue *uninterrupted* even if Nevada's sports books are federally pre-

empted. College administrators should act swiftly to address access to Internet gambling on their campuses by installing appropriate filtering software on campus-owned computers and Congress should enact H.R. 3125.

Second, according to the NCAA, there are illegal student bookies on virtually every campus, some with links to organized crime (as noted above). This burgeoning phenomenon was well-documented as far back as *1995* when *Sports Illustrated* published a three-part investigative series aptly called "Bettor Education" that began with this ominous warning:

> Gambling is the dirty little secret on college campuses, where it's rampant and prospering. This SI special report reveals how easy it is for students to bet with a bookie, become consumed with wagering and get over their heads in debt.

Based on a January 12, 2000, article in the student newspaper of the University of Pittsburgh, the *Sports Illustrated* article remains accurate today, as the NCAA readily admits. (*See*, "Gambling teaches students painful life lessons," *The Pitt News*). "College betting rampant" in *The Cincinnati Post* of March 18, 2000 reached the same conclusion about the severity of the problem. The May 2000 issue of *SmartMoney* magazine, published by The Wall Street Journal, documents virulent campus Internet day-trading and Internet gambling:

> It's not just trading. Gambling, too, long a part of campus life, has become more rampant, with much higher stakes. Forget penny-ante poker. Today's college students are wagering—and often losing—thousands of dollars with online sports bookies. All it takes is a credit card and an Internet connection.

The phenomenon of illegal campus sports betting even extends to a large percentage of the student-athletes over whom the NCAA has the most control, despite the fact that *any* sports gambling is a violation of existing NCAA rules. (See NCAA By-Law 10.3) The NGISC Final Report cites a University of Michigan study of NCAA Division I athletes. The survey found that *45 percent* of male student athletes gambled on sports in violation of NCAA rules. The mean amount wagered through an illegal bookmaker was $57.25, or an average of $225 each month. Most alarming, four percent reported having provided inside information, two percent bet on games in which they played, and one-half of one percent (2 of 460) indicated they had received money for not playing well. However, according to the NCAA's Internet database of "secondary infractions," *only about two dozen enforcement actions* were taken in the three years of 1996–1998 with respect to violations of NCAA by-law 10.3.

Despite the *Sports Illustrated* warning *in 1995*, the NCAA's staff painted a dismal picture of its efforts at the NGISC's *February 1999* hearings. William Saum, the NCAA's Director of Agent and Gambling Activities, and David Nestel, the NCAA's Assistant Director of Federal Relations, gave the following testimony (according to the published hearing transcripts).

> MR. SAUM: We are starting to make *baby steps* forward by merely talking about it. (. . .) *We have a major problem on our campuses*, we can remove the—if we can take action with the *student bookies* on our campus, if we can convince our students and our student athletes that the activity is illegal, and that they should not accept it, we can convince our college presidents, convince our student affairs officers, I believe that that is a first step forward. (. . .)
>
> I would say to you that three, four, five years ago, *because we weren't doing our part*, that possibly our student athletes didn't even know that laying a 20 dollar wager with a student bookie in the frat house was a violation of rule, or illegal. (. . .) (emphasis added).
>
> MR. NESTEL: And that we have found that our administrators, not just athletic administrators, but *the college administrators on campus don't recognize this as a problem*, it doesn't smell, it doesn't—a lot of this now with Internet gambling can go down privately behind closed doors. And it is hard to recognize. And so the message that can be sent here is that *we need to raise awareness*. (emphasis added)
>
> MR. SAUM: The NCAA, for the past 50, 55 years, has always cared about the issue of gambling, but in September of '96 they created the position which I'm fortunate enough to sit in. In November they promoted that position to a mid-management level position within the association. (. . .) We are also proposing to add staff to the issue of gambling. *We are willing to step up to the plate with money. It will not be substantial sums of money*, it will be more money than we have ever spent in the past. (. . .) I'm not saying they are enough, they are not. *Are we behind, yes*. But I think we are doing something. (. . .) *But certainly our institutions' feet must be held to the fire*. (emphasis added)

VI. FACT NOT FICTION ABOUT LEGAL SPORTS WAGERING

A. NGISC Final Report as it Relates to Sports Wagering

Congressional sponsors of legislation to prohibit Nevada's sports wagering in the name of doing something about illegal sports gambling have echoed the NCAA's refrain that H.R. 3575 "merely implements" an NGISC recommendation.

First, when it comes to sports gambling, the NGISC Final Report should be read in its *entirety*. Doing so will reveal that the commission made a series of *unanimous* recommendations relevant to sports gambling and one recommendation on which it was *badly* divided. The recommendation to end amateur sports wagering where it is now legal received *only five votes*, or a bare majority of the nine-member commission. Unfortunately, H.R. 3575 *only* implements the *one* recommendation that *divided* the panel, while *ignoring* each of those on which the commission was in *total* agreement!

Second, the closely divided recommendation on amateur sports is open to interpretation. We will not belabor that point here except to note two important facts. The commission *unanimously* adopted Recommendation 3.1:

> The Commission recommends to state governments and the federal government that *states are best equipped to regulate gambling within their own borders with two exceptions*—tribal and Internet gambling.

In addition, Commissioner Dobson described his recommendation as follows: "And I would like to recommend that we recommend to the *states* that *they* ban legal betting on collegiate athletic contests." (April 7, 1999 transcript at 136) (emphasis added).

B. The NCAA's Presentations to the NGISC

In its presentations to the NGISC, the NCAA concentrated almost exclusively on *illegal* sports gambling without *any* claim of a connection between legal wagering in Nevada and illegal gambling. The most illuminating evidence comes from the NGISC's November 10, 1998, hearing:

> DR. DOBSON: Mr. Saum, you addressed most of your comments to illegal sports gambling. *You didn't have much to say about legalized gambling on sporting activities.* Would you like to comment on that?
>
> MR. SAUM: Commissioner Dobson, Madam Chair and the rest of the commissioners, we—fundamentally the NCAA is opposed to legal and illegal sports wagering, but much like this Commission, *we have not drawn a moral line in the sand that we are going to come out and attempt to change the law.* Certainly, we would be adamantly opposed to any further legalization across the United States. If we're going to have sports wagering, let's keep it in Nevada and nowhere else. Let's not allow individuals to wager from outside the state lines. (. . .) *So I don't think you will see the NCAA start a campaign to remove sports wagering from the State of Nevada, but you would see us jump to our feet if it would expand outside of state (sic).* (emphasis added)

Commissioner McCarthy asked Mr. Saum to provide written recommendations, which were sent via a six-page, single-spaced letter from the NCAA president dated January 28, 1999. The letter contains this admission:

> Despite our increased efforts in the area of sports gambling education, *the NCAA is only scratching the surface in addressing the disturbing pattern of gambling behavior among college students and youth.* It is our hope that targeted recommendations contained in the Commission's final report will provided the impetus for much needed action while also bringing focus *to a problem that has long been overlooked.*

The letter makes *no mention* of Nevada's legal wagering as a source of the illegal gambling problem or as a threat to the integrity of amateur athletics. There is likewise no request that Nevada's legal wagering be banned.

Only several weeks after the NCAA's letter was sent to the NGISC, the commission met on February 9 and 10, 1999. Commissioners of all stripes on gambling generally were *unanimous* in their skepticism about the NCAA's proposals being linked to them receiving *federal funding* to implement them.

Instead, in part because the NCAA receives hefty TV revenues, commissioners suggested several ways in which the NCAA could be more active in combating illegal gambling *without federal funding*. For example, one commissioner suggested that NCAA membership criteria include requirements that members have programs to adequately address campus sports gambling problems, including mandatory codes of conduct. In response to the NCAA's testimony that there was an absence of suffi-

cient scientific research to get beyond anecdotal evidence about what needed to be done, commissioners suggested that the *NCAA* take a leading role since its members include major research universities.

NGISC Chair Kay James specifically asked Mr. Saum if the NCAA would incorporate Public Service Announcement (PSA) requirements in its TV contracts. *After* the NGISC recommended that step last year, the NCAA announced an unprecedented $6 billion contract with CBS Sports just to televise the March basketball tournament over an 11-year period. This is up from $1.7 billion over eight years. While some gambling PSAs were sighted in the dozens of hours of network air time this year, there do not appear to have been many PSAs on the air with much frequency or in "prime time." There is no indication that any PSA requirements are written into the new CBS contract.

While each of the above suggestions was included in the NGISC Final Report as part of Recommendation 3.13, it is unclear the extent to which the NCAA has implemented them in the full year since the report was issued.

C. Facts Behind Campus Point-Shaving Incidents

The NCAA would have Congress believe that there is a cause-and-effect correlation between the handful of point-shaving scandals in the 1970s, 1980s, and 1990s and legal sports wagering, ignoring the *illegal* sports gambling at the heart of *each* of the scandals.

At a February 1, 2000, press conference, the NCAA brandished a chart purporting to show such a linkage. Literally "off the chart" were both the numerous pre-1970s point-shaving scandals that occurred *prior to* Nevada's modern sports books, and any mention of massive illegal sports gambling outside Nevada, either before or after the 1970s.

The NCAA also claims that there were more scandals in the 1990s than in the previous decades combined. This accusation flies in the face of the historical record as set forth in last year's University of Michigan study that the NCAA otherwise often cites. The study contains a laundry list of serious scandals in the 1950s and 1960s that *pre-dated* Nevada's modern sports books and make the few incidents in the 1990s look tame by comparison.

There were eight point-shaving scandals in the 1990s, according to the NCAA. While eight is eight too many, tens of thousands of games were played that decade without *any* trace of undue influence from *any* gambling. On other occasions, including in its Senate testimony and in a letter to House members, the NCAA correctly stated that such scandals are *"rare."*

The NCAA has conceded that our Nevada members and Nevada's regulators help the NCAA as Mr. Saum acknowledged before the NGISC:

> The relationship that we have with Las Vegas is one that we talk about openly. If we are going to battle this problem we need everyone's assistance. We help Las Vegas, Las Vegas helps us. We have a computer right in my office that monitors the line, and you know better than the rest of us how we can work through that if the line changes.
>
> We have relationships with Vice Presidents of—and sports book directors that we can call and make contacts with. I care not to share who those folks are. But, yes, we do have relationships and we are not afraid to say that we do. And we, again, are in this to protect the safety and integrity of our kids, and the integrity of the contest, and when needed we will use that.
>
> (NGISC hearing transcript of February 10, 1999, at pages 39–40).

The NCAA apparently continues to find the assistance of Nevada's sports wagering industry helpful because when the NCAA moved from Kansas to Indiana last year they asked for help in re-connecting the computer link with Nevada's wagering data.

The NCAA went so far as to bring to its press conference the former Notre Dame place kicker who was among those convicted of felonies in connection with the point-shaving at Northwestern University. Left out of the NCAA's summary of that case were several critical facts. Specifically, in both the Northwestern and Arizona State cases the web of illegality began with student bookies that recruited student-athletes as bettors and sources of information. In each case, a few athletes got into debt with student bookies and sought to wipe out their debts by committing the reprehensible act of betraying their teammates and their schools.

It was only when those committing illegal acts outside Nevada tried to make money at the expense of Nevada's sports books were those sports books "involved" as a potential victim, just as the victim of a street mugging is "involved" in the incident. To close Nevada's sports books on this basis would be like closing banks to

prevent bank robberies or closing the New York Stock Exchange to stop insider trading.

VII. A NATIONAL ASSESSMENT AND NATIONAL SOLUTIONS ARE OVERDUE

Mr. Chairman, a very fair question is what should be done as an alternative to H.R. 3575 since we strongly believe that eliminating Nevada's long-standing legal sports wagering is nothing more than empty sensational symbolism, at best. The answer lies in methodically going back to the NGISC Final Report and the NCAA's recommendations to that panel, the breadth of which are *not* reflected in H.R. 3575 at all, but are better reflected in H.R. 3800 and H.R. 4284.

A case in point is the creation of a Justice Department panel as proposed by H.R. 3800. The NCAA's January 1999 letter to the NGISC contains compelling reasons why such a panel is essential. Congress should have the benefit of the informed views of such a panel *before* considering H.R. 3575.

H.R. 4284 is another constructive alternative we support because it includes the strengthening of penalties for violating federal anti-gambling laws as recommended *by the NCAA*, as well as a permanent Justice Department Anti-Gambling Task Force to make fighting these crimes a federal priority as once *sought by the NCAA*. None of these issues are addressed in H.R. 3575.

The NGISC recommended broader measures that are relevant to reducing campus gambling, such as federal legislation to combat Internet gambling and a national minimum legal gambling age of 21, *on which we are in agreement with the NCAA. We should join hands to enact those measures without further delay.*

VIII. CONCLUSION

The AGA tried to work with the NCAA to reduce illegal gambling and to protect the integrity of amateur athletics. We will continue to do so despite being rebuffed. For example, we are working with the Harvard Medical School Division on Addictions on a model program to address behaviors that young people need to avoid, including gambling.

As the Committee compares the pending bills, it should be mindful of the dangerous precedent that H.R. 3575 would set. If Congress can break the bargain among the states reached in 1992 when the Nevada "grandfather clause" was approved, and thus federally preempt Nevada's state gaming decisions after the fact, what is to prevent Congress from preempting other state gaming decisions? This serious issue transcends H.R. 3575 and affects each of the other 49 states as well, 46 of which have legal wagering (all but Hawaii, Utah and Tennessee).

The University of Michigan study said it best: "The great American institution of intercollegiate sports depends on a comprehensive response to this problem" of student gambling. In that spirit, we strongly urge you to *reject* H.R. 3575's simplistic repeal of Nevada's "grandfathered" sports wagering, and instead act favorably on H.R. 3125, H.R. 3800 and H.R. 4284. Thank you.

Summary and Comparison of Federal Sports Wagering Legislation

Provisions	S. 2340 / H.R. 3575 Sen. McCain / Reps. Roemer, Graham Reported by Senate Commerce; referred to House Judiciary	H.R. 3800*† Rep. Gibbons Referred to House Judiciary	H.R. 4284* Rep. Berkley Referred to House Judiciary
Federally preempts Nevada's publicly regulated sports books by amending The Ted Stevens Olympic and Amateur Sports Act to prohibit legal sports wagering on collegiate athletics in the state of Nevada.	Yes	No	No
Per NGISC and NCAA recommendations, would establish a Justice Department panel to investigate illegal gambling on college sports and recommend effective countermeasures to combat this serious national problem.	No	Yes	No*
Provides for the establishment of a permanent Amateur Sports Illegal Gambling Task Force that would report annually to the Speaker and President pro tempore	No	No	Yes*
Would increase penalties for illegal sports gambling.	No	No	Yes*
Compels the study of illegal sports gambling behavior among minors.	No	No	Yes*

* These bills complement each other - Rep. Berkley has co-sponsored H.R. 3800, Rep. Gibbons has co-sponsored H.R. 4284

† Senator Harry Reid has introduced a Senate companion bill, S. 2050

Mr. HYDE. Thank you, Mr. Fahrenkopf.
Mr. Siller.

STATEMENT OF BOBBY L. SILLER, MEMBER, NEVADA GAMING CONTROL BOARD

Mr. SILLER. Thank you, Mr. Chairman. Mr. Chairman and distinguished members of the committee, thank you for allowing me to speak to you today.

My name is Bobby Siller and I recently retired from the FBI after 25 years with that prestigious agency. After my retirement in January 1999, current Governor Kenny Guinn appointed me to the Nevada Gaming Control Board.

I must tell you that I am not a gambler and never developed an interest in gambling. The most I have ever waged in my life is about $10 on the Texas lottery. Obviously, I lost that.

However, I have investigated illegal gambling as an FBI Agent, a Field Supervisor, an FBI Headquarters Supervisor in the Organized Crime Section, and as the Special Agent in Charge of the Las Vegas division of the FBI. I am familiar with illegal bookies and the influence organized crime can have over them and illegal sports betting.

Sports gambling still remains a major activity of organized crime. It is estimated that billions of dollars per year are wagered on sports, even though sports gambling is legal only in the State of Nevada and has been banned by the Federal Government from being legalized anywhere else in the United States.

I do not believe a bill banning college sports gambling in Nevada will eliminate or significantly reduce gambling on college sports. In my opinion, it will drive sports gambling further underground and create a greater opportunity and possibility of organized crime influence over sports gambling. There are already sufficient Federal, State, and local laws on the books to address illegal college gambling.

I agree with Michael Nelson, a professor of political science at Rhodes College, when he said, "Gambling is at the crossroad of morality and politics and we are now a Nation in which legalized gambling is pervasive."

I am not here today to discuss morality or politics. I am here today as a regulator and former law enforcement officer to discuss what I view as the real issue—and that is illegal sports gambling, not Nevada's legal sports gambling.

As you have heard, sports gambling in Nevada is extensively regulated, and regulatory oversight is a deterrent to illegal activity. Although no system is foolproof against illegal activity, Nevada's oversight of legal college sports gambling has on occasion identified illegal college gambling, such as the Arizona State University point-shaving case. The Arizona State University case involved a basketball player placing illegal sports bets with an illegal bookie. To cover the player's losses, the player and the illegal bookie agreed to a point-shaving arrangement. The illegal bookie was associated with Chicago organized crime figures, who also shared in this point-shaving scheme.

A Las Vegas sports business spotted the unusual betting patterns and notified the Nevada Gaming Control Board. The Gaming

Control Board cooperated with the FBI, and after an extensive investigation seven individuals were arrested and convicted of sports fixing and money laundering. Those arrests included two Arizona State University players, illegal bookies, and organized crime figures.

This investigation is an excellent example of Nevada's legalized sports gambling identifying illegal sports activity.

I would like to suggest an alternative to banning legal sports gambling in the State of Nevada. My suggestion is threefold:

1. Provide Federal funding for law enforcement to develop and implement an aggressive strategy to zero tolerance toward illegal bookies. This strategy would target illegal bookies across the country at peak college times—"March Madness" and college bowl games. Federal funding would encourage and provide the assistance necessary for State, local, and Federal law enforcement to devote resources during college sports peak gambling times.

2. Increase efforts to educate college students regarding gambling. Increase funding commitment and coordination between colleges, the NCAA, and television regarding educating students on this issue of gambling.

3. Continue the ban on internet gambling. There are more sports gambling sites available on a single campus computer than there are legal sports books in the State of Nevada.

In summary, it is my opinion that a bill banning college sports wagering in Nevada does not address the issue. The real issue and threat to college sports is illegal sports gambling, not Nevada's legal sports gambling. I suggest we target the real causes of the problem—illegal bookies, internet gambling, and better education of college students regarding illegal sports gambling.

Thank you for the opportunity to allow me to present my views to you today.

[The prepared statement of Mr. Siller follows:]

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In summary, it is my opinion that a bill banning college sports wagering in Nevada does not address the issue. The real issue and threat to college sports is *illegal* sports gambling—not Nevada's legal sports gambling. I suggest we target the real causes of the problem: *illegal* bookies, internet gambling, and better education of college students regarding *illegal* sports gambling.

Thank you.

Mr. HYDE. Thank you, Mr. Siller.

Mr. Sandoval.

STATEMENT OF BRIAN SANDOVAL, CHAIRMAN, NEVADA GAMING COMMISSION

Mr. SANDOVAL. Good afternoon, Mr. Chairman, members of the committee. It is a pleasure to be here and an honor. My name is Brian Sandoval. I am the chairman of the Nevada Gambling Commission. I am here today at the request of the Nevada congressional delegation and Nevada's Governor, Kenny Guinn. They have asked that I assist this committee as a representative of our State's gaming control system.

I, like Mr. Siller, am not a gambler and am not here as a defender of Nevada's gambling industry. I am here as a regulator. I come before you to present the facts about a gaming control system that has evolved over more than half a century to become the model for the jurisdictions in this country and the world.

The Nevada gaming industry is subject to more extensive controls than any non-gaming industry anywhere in the world. Sports wagers are taken in Nevada under the strictest governmental controls possible. Integrity is the watchword, beginning with the qual-

ity of the publicly traded companies that are licensed to accept sports wagers. The investigations necessary to qualify a company and its executives for licensing by our Commission may cost it more than a million dollars and take more than a year to complete.

After our Commission licenses a sports book, we subject it to the most vigorous enforcement standards and auditing procedures. First and foremost, a patron must be 21 and physically present in the State of Nevada to place a bet at a sports book. Sports books must guarantee payment in full of all wagers. Any dispute over a wager between a patron and a sports book is subject to immediate investigation and a full adjudication process, at no cost to the patron.

We require sports books to conduct business with a computerized system that is inspected and approved. This system must document every wager received, every win paid out, the result of each sporting event, and every change in odds. The wagering areas are under constant video surveillance. Sports books employees must subject themselves to extensive background checks and management is put through an even more rigorous licensing process.

In 1998, before the issues associated with this hearing were publicized, the Nevada Gaming Commission significantly revised and strengthened the regulations governing our sports books. We adopted regulations that prohibit messenger betting. It is illegal in Nevada for a person to place a bet for someone else at a sports book for compensation.

Sports books are also required to obtain the name, address, telephone number, Social Security number, and driver's license number of any patron who bets more than $10,000 on a single sporting event or an aggregate of $10,000 within a 24-hour period on several events. The gentleman, Mr. Pendergast's activities have been brought up. This regulation did not exist at the time he placed his bets but, I guess we will never know, I think he may have been discouraged from placing those bets had he known he was going to have to submit that information.

We also prohibit the use of any communication device by a patron within a sports book. This includes cellular phones and pagers. The ultimate tool at our disposal is the so-called Nevada "Black Book" or list of excluded persons. Once a person is placed in the Black Book, they are banned from Nevada's casinos for life. After placement in the Black Book, it is a felony for a person to attempt to enter a licensed establishment. In fact, the Black Book's newest member was placed there for attempting to place bets at Nevada sports books related to his illegal bookmaking operation in California.

This has only been a summary of the comprehensive regulatory system in Nevada, upon which we rely to ensure integrity in the Nevada wagering system. A related goal of that system is to identify any irregularity that may indicate a breakdown in the integrity of athletic contests outside the State. Nevada's sports books closely monitor fluctuations in betting activity as a possible indication of problems with a sports event. If someone is attempting a "fix," Nevada's sports books may likely be the target. It is obvious that the failure to detect a fix could cost a licensed establishment millions of dollars.

In addition, sports books set limits on the amount they will accept on a game. A series of unusual bets will cause a book to take that game off the board until the reasons for such wagers can be investigated. As an added measure, sports books continuously monitor point spreads at other sports books by computer to ensure the integrity of the games.

Without the vigilance of the Nevada sports books and Nevada regulators, the Arizona State University point-shaving incident would not have been brought to the attention of the NCAA and law enforcement agencies. We believe the NCAA will confirm the high degree of assistance they have received from Nevada and the value of that assistance. In fact, NCAA enforcement authorities have a computer that receives the latest information from Nevada on sports wagering activity.

It is undisputed that Nevada's sports books are the first line of defense against unlawful interference in college sporting events. If this bill becomes law, this protection would be lost and illegal bookmakers would have fewer obstacles to attempt to fix a game.

As a final note, I know there has been criticism and much discussion today because Nevada's gaming regulations prohibit wagers on our colleges or any college game played inside our State but allows wagers on games involving other colleges outside the State. I believe Congressman Gibbons addressed the issue. I would like to address it as well and set the record straight.

There has been mention that this was for protection purposes. I would respectfully submit that this regulation was promulgated because of perception. At the time that this regulation was adopted, in approximately 1959–1960, the population of the State of Nevada was fewer than 250,000. The majority of these people were concentrated in two areas, Reno and Las Vegas, where the two universities reside. The best explanation for the provision is that it was created to combat the perception from out-of-State betters that Nevada residents, because of their close proximity to the college athletes, could have inside information that allowed them an advantage concerning the outcome of a game.

Due to this perception, and not protection, the regulation has been retained. Congressman Gibbons used the analogy of the sweepstakes. Typically, a large corporation will disqualify its employees and their families from participating because of the perception that the sweepstakes would be unfair if an employee or their family member won the grand prize.

Unfortunately, this legislation will not reach the real problem, which is illegal sports wagering that is accessible through the internet and illegal campus bookies. It leaves us with the choice of whether uncontrolled and illegal sports wagering is preferable to the licensed, regulated system I have just described to you.

Our challenge is to focus our efforts on eliminating the real problem of illegal bookmakers through a study of their activities and the enforcement of existing laws that prohibit such conduct. This approach is contemplated by the legislation proposed by the Nevada congressional delegation.

Mr. Chairman, on behalf of Governor Guinn and the people of Nevada, I appreciate the opportunity to present a successful system

of regulation that protects college athletes and the integrity of amateur sporting events. Thank you.

[The prepared statement of Mr. Sandoval follows:]

PREPARED STATEMENT OF BRIAN SANDOVAL, CHAIRMAN, NEVADA GAMING COMMISSION

I am Brian Sandoval of Reno, Nevada. I serve as the Chairman of the Nevada Gaming Commission. I am here at the request of Congressman Jim Gibbons and Nevada's Governor, Kenny Guinn, a former university president. Governor Guinn asked that I assist this committee as a representative of our state's gaming control system.

I am aware of the various allegations that have been lodged against Nevada casinos and their sports books. I respectfully suggest that those allegations have a basis more in myth than in fact. There is nothing in the record that indicates legalized sports wagering in Nevada has compromised the integrity of any athletic contest at any time or place. Not one college sports scandal is the result of legal sports wagering.

Legal sports wagering in Nevada is dwarfed by illegal sports wagering outside the state. Some sources estimate illegal sports wagers exceed $350 *billion* a year. By comparison, Nevada sports books annually accept about $2.5 billion in wagers. This means Nevada sports books account for less than 1% of the total amount wagered on sports events in the U.S. annually.

These figures also speak to the American appetite for, and acceptance of, sports wagering. We should not kid ourselves: whether legal or illegal, Americans will continue to bet on the outcome of sporting events, and we will not change this behavior through legislation. Instead, we will simply drive the betting activity underground, away from the one place where it is currently taxed, strictly regulated and purged of the credit, collection and predatory excesses of illegal bookmaking operations.

I am not here as a defender of Nevada's gaming industry. I am here, however, as the chief gaming regulator in our state. I come before you to present the facts about a gaming control system that has evolved over more than 50 years to become the model for jurisdictions around the world.

Mr. Chairman, I and all the other members of the Nevada gaming control system applaud your mission to protect our country and its citizens against the harm caused by illegal gambling. It is a goal toward which we continuously dedicate our efforts in Nevada and we believe we have come closer to reaching it than any other state. I am unaware of any evidence that there is any organized crime influence in Nevada sports wagering or that Nevada college campuses have any of the illegal bookmaking activities that apparently are prevalent on other college campuses throughout the United States.

Our gaming control system not only is free of criminal involvement; it is insulated from politics. The first appointment made by Governor Guinn to the State Gaming Control Board was Bobby Siller, a decorated career agent of the FBI. When I was appointed Chairman of the Gaming Commission, I was a member of a successful law firm. The first action I took was to resign from my firm and become a sole practitioner to minimize any possibility of conflicts of interest that could interfere with the performance of my official duties.

We in Nevada concur with the National Gambling Impact Study Commission view that states are best equipped to regulate casino gambling within their own borders and we take that responsibility seriously.

The Nevada gaming industry is subject to more extensive controls than any nongaming industry anywhere in the world and it has a record of adherence to those controls. The major companies in Nevada gaming have billions of dollars invested in their operations. The most recent example is the approximately $6.5 billion that the MGM Grand paid for Mirage Resorts. Such an investment can be jeopardized by any violation of Nevada gaming law, whether in the operation of sports books or anywhere else.

Sports wagers are taken in Nevada under the strictest governmental controls possible. Integrity is the watchword, beginning with the quality of the companies that are licensed to accept those wagers. The investigations necessary to qualify a company and its executives for licensing by our Commission may cost more than one million dollars in investigative and related expenses and may take more than a year to complete.

After our Commission licenses a sports book, we and the Nevada State Gaming Control Board subject it to the most vigorous enforcement standards and auditing procedures.

Patrons are protected. Sports books must maintain a bond under the control of state regulators that guarantees payment of wagers. Any dispute over a wager between a patron and a sports book is subject to immediate state investigation and a full adjudication process, without any cost to the patron.

Our control system requires sports books to conduct business with a computerized bookmaking system that we have approved. This system must document every wager received, every win paid out, the result of each sporting event, and every change in odds. The wagering areas are under video surveillance. Adherence to a strict control system is required at all times.

Nevada books must decline any bet attempted by someone who has been paid by another person to do so and it is illegal for an individual to place wagers for compensation. In 1998, before the issues giving rise to this hearing were ever brought up, the Nevada Gaming Commission significantly revised and tightened up the regulations governing our sports books. This was done to further insure that our sports books are not unwittingly used by illegal bookies to hedge their bets. In addition, books set limits on the amount they will accept on a game. A series of unusual wagers will cause a book to take that game off the board until the reasons for such wagers can be investigated. Sports books continuously monitor point spreads at other sports books by computer.

Nevada casinos are also subject to cash transaction reporting laws that your own financial watchdogs—the GAO—have found to be more demanding than those of the federal government. Nevada enforces these casino cash transaction regulations evenly and strictly. Our Commission has imposed fines of hundreds of thousands of dollars on Nevada casinos for acts that are *illegal* under Nevada law but *legal* under comparable federal law for casinos in other states. The toughest anti-money laundering regulations in the world are those we impose on our sports books.

This has been only a summary of the comprehensive regulatory system in our state, upon which we rely to insure integrity in the Nevada wagering system. A related goal of that system is to identify any irregularity that may indicate a breakdown in the integrity of athletic contests outside the state. Nevada's books closely monitor any fluctuation in betting activity as a possible indication of problems with a sports event. If someone is attempting a "fix," Nevada's books may likely be the targets.

Without the vigilance of Nevada sports books, college point-shaving incidents may not have been brought to the attention of the NCAA and law enforcement agencies at all and certainly would not have been discovered as quickly as they were. Nevada's sports books have been the first to identify suspicious betting activity and to bring it to the attention of law enforcement agencies and the NCAA. Before the National Gambling Impact Study Commission, NCAA staff confirmed the high degree of assistance they have received from Nevada and the value of that assistance. For example, NCAA enforcement authorities have a computer that receives the latest information from Nevada on sports wagering activity.

Without Nevada's sports books, this first line of defense against unlawful interference in college sports would be lost.

I acknowledge the good motives of those who believe that the elimination of Nevada's sports books will eliminate the biggest cause of illegal sports wagering. However, I respectfully suggest that a close examination of the facts will not support that conclusion.

It also has been suggested that the point spreads published in the nation's newspapers are a root of illegal wagering and that those point spreads will disappear if Nevada's sports books are closed. In my view, there is no factual basis for this view.

For example, persons who do not live in Nevada and who have no relationships with Nevada casinos develop the *USA Today* and other widely disseminated point spreads. Point spreads are readily available from the great number of sports books operating elsewhere in the world, many of them over the internet, which take bets on college sports in the U.S. and which together far exceed the amount wagered in Nevada.

But more importantly, Nevada regulators have long recognized the importance of point spread, or line, information to wagering activity and have taken steps to maintain the integrity of this information. Three companies, called line information services, are currently active in providing point spread information services to Nevada sport books. These companies are investigated and held to the same high standards as the operators of gaming establishments and sports books. If they were to somehow manipulate the line information, or supply it to illegal bookies, their license to engage in business in Nevada would be in instant jeopardy.

As a final note, I know there has been criticism because Nevada's regulations prohibit wagers on our colleges or any college game played inside our state but allow

wagers on games involving other colleges outside the state. That provision was first adopted prior to the creation of Nevada's present system of gaming control in 1959, which marked a historical acceleration in the state's efforts to eliminate any underworld influence in Nevada casinos.

I have been unable to locate the record of why that provision was adopted some 50 years ago, before the creation of the Nevada Gaming Commission and the comprehensive system of regulation we have today. The best explanation for the provision is that it was created to combat the perception from out of state bettors that Nevada residents, because of their proximity to college athletes, could potentially have information that allows them an advantage concerning the outcome of a game. Due to the perception, and not reality, the regulation has been retained.

Mr. Chairman, on behalf of Governor Guinn and the Nevada gaming control regulators, I thank you for allowing me time to present facts today. I hope they will help dispel the myths.

I spent some of my earlier years as a member of a Nevada legislative committee with jurisdiction over gaming laws. Our approach in fashioning solutions was to first establish the problem and the reasons for it. I am sure each of you takes this same approach.

Therefore, I endorse the view that Congress should make resources available for a meaningful study of illegal wagering on college sports, including whether Nevada sports books have any effect on it; the effectiveness of present countermeasures and the need for new countermeasures. I can assure you of the full cooperation of Nevada's gaming regulators in that process.

Our challenge is to focus our efforts on eliminating the real problem of illegal bookmakers through a study of their activities and the enforcement of existing laws prohibiting such conduct. This approach is contemplated by the legislation proposed by Congressmen Gibbons and Berkley and Senators Reid and Bryan of the Nevada Congressional delegation.

Mr. HYDE. Thank you very much.

I generally refrain from asking questions, mostly in the interest of expedition. But I just have one question I would like to ask Frank Fahrenkopf. The problem with point-shaving, it is so easy to do for a skilled athlete. A real good basketball player who can hit the three-pointers can miss by this much, too. It is easy to do. The temptation is there, the money is big and important. Now, we have caught some; this Arizona State and the Northwestern. How many have you not caught? How many of these things go on with the temptation being there and they are successful and you never know about them? Of course, you do not know because you would not know what you have not caught. But do you not concede that you have a very fertile situation here for abuse and that perhaps you have only caught a fraction of the ones that have been attempted?

Mr. FAHRENKOPF. Well, Mr. Chairman, I think that is probably an accurate statement. But the question is what relationship does that have with Nevada. If, in fact, there was widespread connection with the State of Nevada and somehow Nevada activities were involved in the point-shaving, you would have heard more. And as I indicated to you in my testimony, the NCAA trotted Pendergast out, who under his parole agreement by the way is committed to work with the NCAA, that is why I said if you go back and talk to the prosecutor, talk to the defense attorneys in the case, they will indicate that he got caught when he came out to Nevada and tried to make the bet. He had been making illegal bets and had been point-shaving with illegal bookies; it had nothing to do with the State of Nevada.

That is why I started at the beginning of my remarks with there has got to be a nexus here. There is no nexus here between legal sports betting in Nevada and the problem that they are trying to get at. If you listen closely, as I did to Tubby Smith, Tubby Smith

said that the problem with the campus athletes that he dealt with was not with the bookies in Nevada, he said it was students on campus who were putting their influence. It had nothing to do with the State of Nevada.

So I am just trying to establish the nexus for the problem. This is not the answer.

Mr. HYDE. Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

I want to commend everyone that represents Nevada for their spirited defense of the unemployed mothers that might result from this legislation. I want to remind you——

Mr. FAHRENKOPF. Some fathers also, Mr. Conyers.

Mr. CONYERS. And the fathers and the children of the mothers and the fathers. Let's remember the piano players in the other places where some activity may be legal as well. Wonderful.

We have been told about the prestigious FBI, which declined to come to these hearings today, and I am going to be finding out more about why. We have been treated to an excellent lecture about how the NCAA has failed miserably in their jobs. I guess this is all brought forward because of your desire that they do a lot more on this subject than they have, that this has caused you great angst and because they have failed to do what they should be doing, and they should be the subject of an oversight hearing.

And then the coaches, what do the coaches know? They are only the ones that work in the sports industry. Why would they have some insight about this problem and what happens to these young people and the pressures that they are taking on. We should listen to you instead of them. The coaches, how can they help us in this?

Some of you, if not all, are the same people that attacked the idea that came forward in 1996 that we establish a National Gambling Impact Study Commission in the first place. Remember? Okay, then all of you were for the National Gambling Impact Study?

Mr. FAHRENKOPF. Will I get a chance to respond, Mr. Conyers?

Mr. CONYERS. Yes, you will get a chance to respond. As a matter of fact, I think you testified against it.

Mr. FAHRENKOPF. I did not. That is why I want to respond.

Mr. CONYERS. You did not testify against it? You did not testify?

Mr. FAHRENKOPF. I did testify. I said so long as it was a fair commission, looking at both sides, the positives and the negatives of gaming, we would support it. But if it was going to be as originally proposed by Congressman Wolf that would only look at the negative side, we could not support it.

Mr. CONYERS. Okay. I am sorry, I mis-remembered your testimony. It did not sound quite as even-handed, but it is your testimony.

The problem that I am having here is that I can understand your constituent interest. I can understand you who represent the Gaming Commission to defend it. I can understand former FBI agents that now work for it to present the presentation that you have made. I can understand Mr. Fahrenkopf's presentation, as I can sympathize and empathize with the Members of Congress and I can only imagine that the Senators would only have added to it, perhaps not much, it has been pretty thoroughly supported.

But the fact of the matter is that a lot of people that are far more neutral than you have kept telling us that this situation of you being the only State that can take these kinds of bets threatens the integrity of amateur sports. Now it could be that they are all wrong. It could be that they just do not understand it from the inside. It could be that student-athletes are not put in potentially difficult positions when confronted with these offers for doing a little less than they could. Maybe you are not supportive of the Commission that recommends that legal gambling on collegiate and athletic events be completely prohibited in the United States, which includes the State of Nevada.

Sorry about that, folks. I guess I have not put on the record that I enjoy visiting Las Vegas and I have great times there. I have always enjoyed it and never had any critical shots to make against it. But it just seems to me that everybody else but you all seem to be coming up with a different conclusion. And so it makes me understand that you have a support system to uphold.

I would like to ask you, Mr. Sandoval, how may I correct this distorted perspective that has been given to me by all these other people that are not Nevada gaming-connected?

Mr. SANDOVAL. Thank you, sir. I think the response is, I believe, the intent of this legislation is pure, it is the execution that is flawed. I think what we need to do is go after the villains. The villains are the illegal bookmakers and they are the ones who are exerting the negative influence on these athletes. I believe with the State of Nevada's resources, with your resources, with law enforcement's resources, we should band together with all our expertise and go after them because they are the problem.

Mr. CONYERS. Well, that is what I have been hearing. That is wonderful. But let me ask, why did we ban legal wagering in every other State in the Union anyway? Why don't we just start re-legalizing betting in all the other States since yours is working so perfectly and there is no causal connection that you can figure out, that all we need to do is deal with the illegal operatives, and the fact that many of these gaming lines and spreads come out of Las Vegas is just coincidental.

We do not want to abolish the first amendment or contract it in any way. There are newspapers that are already refusing to reproduce this kind of betting information because of the same reason that I suppose the authors of this proposal brought it to us; namely, it is not doing any good for the citizens, and particularly the young people, of their area. And so I would anticipate that more newspapers and more media would discontinue the use of this activity, especially when the appreciation of the reports and the attempts of this legislation is made further known.

Mr. BARR [ASSUMING CHAIR]. I thank the ranking member.

The gentleman from South Carolina, Mr. Graham, is recognized for 5 minutes.

Mr. GRAHAM. Thank you very much.

To pick up on the ranking member's questions, the logic you are using would be that if you are the first line of defense to protect the integrity of college athletics, we should encourage the other 49 States to create gaming commissions to go out and regulate the bad guys. Do you disagree with where this logic goes?

Mr. SILLER. If I may comment on that, Congressman. I think that supports my point. My point is that there is not an aggressive approach by law enforcement in any State that I am aware of to address illegal bookmaking.

Mr. GRAHAM. The point that was made though was that we have legalized gambling and we have a regulatory system around it, that is the first line of defense to protect the integrity of the sport. My question would be, if that is true and you buy into that, Congress made a big mistake when it banned everybody else from doing this. Do you agree with that?

Mr. SILLER. I cannot question whether Congress made a mistake or not. My whole position is——

Mr. GRAHAM. Would Nevada be for——

Mr. SILLER. My whole position is one from the law enforcement point of view. My background is in law enforcement. I have investigated illegal gambling——

Mr. GRAHAM. Excuse me, maybe I should ask the question of Mr. Sandoval since this is not your expertise, it is his expertise as the Gaming Commission guy.

Mr. SILLER. May I finish my point?

Mr. GRAHAM. I want somebody to answer my question about gaming commissions. The logic would be that Congress made a mistake if you are the first line of defense because we took a lot of people off the field that could play defense. Is that true or not?

Mr. SANDOVAL. Mr. Graham, I do not agree with that logic. I think the decision that was made by Congress was to recognize that there was one State in the Union that should have a grandfather clause that should be allowed to continue legalized sports betting in recognition of the controlled system that we have.

Mr. GRAHAM. I share the concerns of Mr. Conyers. I think the logic that you are expanding says that Congress made a mistake because we need more people doing what you are doing. But I disagree with that rationale.

Let's talk about perception. I think the most interesting thing said here today is about the rule in Nevada. The rule in Nevada is that you cannot legally bet on any college team in Nevada. Is that correct?

Mr. SANDOVAL. That is true.

Mr. GRAHAM. And the reason given is because we do not want people who are making the bets to think that the betting process is tainted. Is that correct?

Mr. SANDOVAL. Yes.

Mr. GRAHAM. Well, that is what the coaches are telling us, that we do not want to give the impression that our sports programs are tainted. It is part about perception, part about reality. Your concern to guard the integrity of the betting process is our concern to guard the integrity of the game. And this is about money. What is the unemployment rate in Nevada right now?

Mr. SANDOVAL. I would estimate it is around 5 percent.

Mr. GRAHAM. How many people would lose their jobs if you could not bet on college athletics in Nevada?

Mr. SANDOVAL. I know at one property alone 2,500 people. And I would like to expand on one of the responses regarding this perception. It is not my decision. What would happen if we were to

reconsider this? It would be brought before the Nevada Gaming Policy Committee, which is comprised of several different members of the State including the Governor, a member of the Assembly, a member of the State Senate, a member of the Gaming Commission, a member of the Gaming Control Board, two members of the public, a member of the tribe. They would consider that. I think it is right for reconsideration. I would be only one member of that.

Mr. GRAHAM. So it is your testimony here today that Nevada should reconsider its ban on betting on teams within its State?

Mr. SANDOVAL. I am saying that it should be discussed, yes.

Mr. GRAHAM. Thank you. Is it true that $1 billion is bet in Nevada on our athletic teams throughout the country at the NCAA level?

Mr. SANDOVAL. I am sorry, I did not hear your question.

Mr. GRAHAM. Is it a $1 billion industry, legal betting on college sports?

Mr. SANDOVAL. The total handle in the State of Nevada on all sports betting is $2.5 billion. It is estimated that the collegiate betting is between 30 and 35 percent of that, which is the handle, the amount bet.

Mr. GRAHAM. Is this good or bad for college sports to bet on these kids in Nevada?

Mr. SANDOVAL. In my opinion, again, Nevada serves as a watchdog and it actually protects the athletes and protects the integrity of the game.

Mr. GRAHAM. Thank you.

Mr. FAHRENKOPF. May I respond to that, Mr. Graham. To support that, again I recommend that this body look at the National Gambling Impact Study Commission Report.

Mr. GRAHAM. What did they tell us about this issue?

Mr. FAHRENKOPF. Well, here is what it will say, I quote Bill Saum, the one individual who is charged with the responsibility on gambling, and this is what he testified under oath:

"The relationship that we," this is the NCAA, "The relationship that we have with Las Vegas is one that we talk about openly. If we are going to battle this problem we need everyone's assistance. We help Las Vegas, Las [illegible]gas helps us. We have a computer right in my office that monitor[illegible]he line, and you know better than the rest of us how we can work through if the line changes.

We have relationships with the vice presidents of—and sports book directors that we can call and make contacts with. I care not to share who those folks are. But, yes, we do have relationships and we are not afraid to say that we do. And we, again, are in this to protect the safety and integrity of our kids, and the integrity of the contest, and when needed we will use that."

That is the point I am trying to make about the NCAA.

Mr. GRAHAM. Can I ask you one question?

Mr. FAHRENKOPF. Sure.

Mr. GRAHAM. What was the recommendation of the National Gambling Impact Study Commission about continuing legalized betting on college sports in Nevada?

Mr. FAHRENKOPF. There were two recommendations. The first recommendation to outlaw it, as I think Ranking Member Conyers pointed out, passed by 5 to 3 with 1 abstention. But there was a

unanimous recommendation, Lindsey, a unanimous recommendation that the Justice Department be asked to look at the reason why there is widespread gambling going on on campuses even though since 1992 it has been against the law in the other 49 States. And that has really formed the focus of the recommendations of Congresswoman Berkeley and Congressman Gibbons.

Look at it. In a way, we are willing to roll the dice with this—to use an analogy from our State. If after a year the Justice Department comes back and says it is, in fact, Nevada's legal books that are a cause of this problem, then they ought to be done away with. But right now, this body would be making a decision with no real evidence before it. Let the experts, let law enforcement look at it and then make a judgement. That is all we say.

Mr. GRAHAM. Thank you. One last comment, because I am wearing out my welcome here. There are a lot of things Congress can do and a lot of things we cannot. We are going to hire more cops to fight illegal betting because, I agree with the Commission, the NCAA needs to do a better job. But when we legitimize betting on kids and it becomes a $1 billion business, there is no reason for us not to do what we can do quickly, and that is pass this bill. Thank you.

Mr. BARR. Thank you.

The Chair recognizes the gentleman from North Carolina for 5 minutes.

Mr. WATT. Thank you, Mr. Chairman, I will not take 5 minutes. I think I have gotten a satisfactory response to the question that I asked earlier about why Nevada exempts its own institutions and people from the law.

I really think this is a very, very difficult and emotional issue. Any time we get into these kinds of areas, it starts to get very emotional. It is a very close and difficult call, made closer by the fact that you are dealing with college and amateur athletes. I think both sides have presented their cases very well today. I am certainly going to be looking very carefully at it if this bill comes before the committee.

I do not think I have any questions. I think I understand both sides' arguments. So in the interest of time, I will yield back the balance of my time.

Mr. BARR. Thank you.

The Chair recognizes the gentlelady from Texas for 5 minutes.

Ms. JACKSON LEE. I thank the Chair very much.

I would say that we have been faced with a great deal of passion and commitment, and I think that is extremely important. I hope that you will note that this committee, in its vastness of jurisdiction, takes these issues very seriously. And it does pose a dilemma because one would think that you could narrowly carve out, which seems very clear and easy to do, high school and college sports. People understand adults, free-thinking, have the right to utilize their funds as they so desire. But it is particularly striking to parents and teachers and superintendents and school districts and regions for college institutions what happens to their children.

Let me simply pose one question and then I, too, will yield back my time. Can you find, and we are always told not to ask a rhetorical question to which we may not like the answer, any redeeming

social value in the intent of this legislation? And if that is the case, then why do you feel that you cannot work with the intent of this legislation as it is presently drafted? Would you three give me an answer on that question, please.

Mr. SILLER. My position on that is that I am looking at it from the point of view that Nevada gaming can be of some assistance. It is not the catch-all and it is not going to identify every single time there is some type of illegal activity. But it is more of a positive than a negative and it can be used, as pointed out by the NCAA and by examples given, for law enforcement to have some type of early warning that there is a threat to college sports wagering.

The issue that I would like to bring out, and I think it was brought out earlier by the Congressman from New York, is that regardless if you ban college sports gambling in Nevada or not, it will still exist and it will exist in Nevada. It will just exist with illegal bookies and we will not have that one additional way or technique to determine if it is there.

So the way I see it from a law enforcement point of view, I would much rather have a system or a mechanism that allows me advance or some knowledge that a criminal activity is about to happen than not have that. So my position is I see it as a plus and not a negative. It is estimated that 99 percent, we have heard that figure, I would probably say it is somewhere between 98 and 99 percent, of all of illegal gambling on college sports wagering is within the individual State. It does not leave that State and come to Nevada.

Ms. JACKSON LEE. If I may, I think I get the sense of your response. You have not answered the question as to whether or not you would agree that there is a socially redeeming quality to the underlying intent of the legislation. I think I have grasped from your perspective that Nevada's experience is a valuable experience to have in the mix, and I tend to agree with you. I think that we have not been able to determine here what your crime level is, what the impact of making it legal is versus it being illegal. But you have not answered the direct question. But I appreciate the input.

I would like to go on to the other witnesses to make sure they understand that I have asked the question about socially redeeming quality of this legislation dealing with our children. If you would, Mr. Sandoval, I would appreciate it.

Mr. SANDOVAL. Congresswoman Lee, as I said in my testimony, I believe the intent of this legislation is pure, but my concern is that through its passage it will make a bad situation worse. There is an epidemic across this country of illegal sports wagering. Nevada is the front line of defense who monitors what is going on across the country dealing with athletic contests. If you eliminate Nevada, you eliminate that first line of defense.

Ms. JACKSON LEE. I thank you.

And to the next gentleman.

Mr. FAHRENKOPF. I agree. As I said in my remarks, I have always hoped that legislation is aimed at solving a particular problem and that there is some nexus. I do not believe there is an evil intent behind this legislation. I think the goal is good; we want to

protect the integrity of college athletics, of all athletics. The question is, is this going to get us there? Is this going to be more negative than more positive?

I do not think this committee should just rely on our testimony. Sure, we are Nevada advocates. If this were a California issue, I am sure Ms. Waters would have people from California here, if it were Michigan, Mr. Conyers would have people from Michigan here. We believe strongly in our State, we believe strongly that we do a good job. In fact, look at people who are dispassionate. Some of those people are in law enforcement and some of the people are in the problem gambling community who deal with people who cannot control themselves. Talk to those people—they do not have an economic interest in this—and they are going to say this legislation is not going to accomplish the goal, as worthy as that goal might be.

Ms. JACKSON LEE. I see the red light has come on. I thank you for your answer. We are limited in this legislative process sometimes to one hearing. But you have raised a question and I will continue to raise the question of how that balances with the underlying social interests in always protecting our children and our young.

I would say to Mr. Siller and Mr. Sandoval, I thank you for your testimony. You leave us with an open question. I really hope that this committee can come together and resolve it in a manner that responds to all the interests that have been expressed here, highlighting the interests of our children. Thank you.

Mr. BARR. The gentlelady from California is recognized for 5 minutes.

Ms. WATERS. Thank you very much.

Someone started a discussion about perception. Our children are our national treasurers. College sports are like motherhood and apple pie. And no matter how much gambling we have in this country, it is still perceived as a problem, kind of an unsavory activity, no matter how many people gamble. Recognizing that is true, you do not seem to give any thought when you discuss this about that perception, and you do not give any thought to the perception and the feelings of parents and grandmothers and others about betting on their children. It seems to me that I would feel a lot better about your testimony if you gave some recognition to the fact that there are these perceptions. And even if you can make a factual argument about there not being a nexus, there is a nexus because of the perception.

You are betting on children. I think it is difficult sometimes to get past some of the factual arguments you make because you do not appear to understand the emotions that are involved when you talk about betting on children.

Mr. Graham asked a question that still has not been answered. His question was, if Nevada is good for the first line of defense in this wagering, why not have it in all of the other States? That question still has not been answered. And I am not going to even attempt to have you go through that again because I do not think it is easy to answer that. I suppose it is honorable to protect one's industry and to protect against competition and all of that, and I suspect some of that is at play.

The fact of the matter is I do not think anybody thought that this legislation would solve all of the problems that are associated with college gambling. But it may be one way of improving the environment. Of course, there is illegal betting everywhere on everything, we know that. Of course, law enforcement does whatever it can to try and deal with that. So to say that this legislation would have no impact and it does not make good sense to have it because it is not going to solve the problem goes without saying. No, it is not going to solve the problem. There is nothing that we know of that will solve the problem of illegal betting, whether it is on horses, or on college sports, or anything else. There are attempts to regulate it, but there will always be some illegal activity that we all should try and figure out how to deal with.

There are a lot of ways that people make money. Sometimes people make a lot of money in industries that literally destroy the environment and they will come here and make an argument about loss of jobs. If you take away these jobs these people will lose their paychecks, even though the work that they may be doing may be potentially destroying a whole lot of other lives because of the problems that are being created. There are people who make the argument that it would be better to legalize drugs than to have illegal drugs because that way you could have some control over it. So we have heard all of the arguments, and we hear the factual arguments that you make about the nexus. But let me submit to you that some of us here are making some other arguments.

Some of us here are making the perception argument. And you know what? We are not ashamed to do it because, like I said, I sit here as a mother and a grandmother and the wife of an athlete and I feel I have a right to make the argument about even the perception. I know about the people who hang around athletes; I know about the groupies, I know about the hangers-on, I know about the junkies and bookies and all of that. So I hope you would not in your arguments kind of deny this perception and this environment argument that the NCAA attempted to make.

Finally, let me just say this. You can attack the NCAA all you want to, but it does not help your argument to come in here and tell parents and grandfathers and grandmothers that somehow the presidents of universities and the coaches and the people we entrust to educate our children, to nurture and develop them have some kind of conspiracy against you and they have come here simply because they want to do away with legal gambling, that somehow they do not have a real vested interest in this. That does not fly. We believe, and you need to know this, we believe that the college presidents and vice presidents and the coaches have our children's best interests at heart. We trust them with that for most of our children's lives. So it is not good for you to come here and tell us something is wrong with them because they are coming here to make this argument about not betting on our kids.

I would feel a lot better if you would come here and say, hey, this is the industry of Nevada, this is how the State flourishes, this is how we provide jobs, this is what we do, we do not think there is anything wrong with it, but our bottom line is an economic one, and, yes, you are right, there is a nexus somehow because of the

environment that is often created with just the idea of gambling. I guess that is pretty tough to do.

But I want to tell you again, just as someone who has been on that side of the table and someone sitting here, when you attack the people we entrust our children to, and when you kind of say it is all right to bet on children, you are going to lose a lot of people, including, Mr. Fahrenkopf, a lot of the people you support. I bet you I am on the same side as the Christian Coalition on this.

Mr. FAHRENKOPF. What makes you believe I support that, ma'am?

Ms. WATERS. Well, it is difficult to have been head of the——

Mr. FAHRENKOPF. That is just as inaccurate as much of what you have said here in the last 15 minutes.

Ms. WATERS. Let me say I suspect that. I do not know that. But let me just say that many people who are on your side of the aisle would say to many of us that we do not understand the morality of many of these arguments. We hear that a lot. Well, I want to tell you now about family values and morality and our children, I understand all of that, and that is my argument today.

Mr. BARR. The time of the gentlelady has expired.

Mr. FAHRENKOPF. Mr. Chairman, may I respond?

Mr. BARR. Mr. Fahrenkopf.

Mr. FAHRENKOPF. Ms. Waters, I am a grandfather. I am a father. I played NCAA athletics. And your accusation is that somehow we in Nevada do not care about perception. That is false. But perception is perception. It is my understanding that when we come before a committee of Congress we are supposed to deal in facts. And if there are misperceptions and misconceptions there, it is our job as witnesses to try to lay out our side of the story. You sit as a legislator and you make a judgement one way or the other whether you listen to us. Nowhere did we intend to impugn the integrity—I had a daughter and a son-in-law who went to Notre Dame. Lou Holtz is one of my all-time favorites. In no way are we attacking them for what they said or what their goals are. The question is will this legislation accomplish what they seek. That is the only thing that we are doing. We are not attacking them personally.

Mr. BARR. Thank you.

I think all members have had an opportunity to pose questions. We appreciate very much the distinguished panel before us and their predecessors earlier today. I again would remind the witnesses if they have additional materials to submit in response to questions or that they would like made a part of the record, the record will remain open for 1 week.

This hearing stands adjourned.

[Whereupon, at 1:54 p.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

NATIONAL FEDERATION OF
STATE HIGH SCHOOL ASSOCIATIONS,
Indianapolis, IN, June 13, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR CHAIRMAN HYDE: I am writing to thank you for conducting today's hearing on H.R. 3575, the Student Athlete Protection Act. I also want to take this opportunity to restate our strong support for this legislation. Gambling on student-athletes and the games they play is inappropriate. It undermines the positive role that sports should play as an adjunct to the educational process.

Although we are not aware of any legal betting on high school sports, we support the action of closing any future door that may open to this activity. In addition, we are concerned that legal collegiate sports gambling fuels a much larger illegal sports gambling trade—which can have a significant negative impact on America's youth.

The National High School Federation (NFHS) writes playing rules and coordinates the administration of high school sports and activities in the United States. Its mission is to enhance the educational experiences of high school students, and to minimize the physical, mental and emotional risks incident to their participation in co-curricular activities. Each year, more than 6½ million young people participate in high school sports and another 4 million in the fine arts programs of speech, debate and music. The Federation publishes playing rules in 16 sports for boys and girls competition, and provides programs and services that its member state associations can, and do utilize in all 50 states.

The current law allows legalized gambling in a only a few states but this has a dramatic and wide-reaching impact on all 50 states. Even the state of Nevada implicitly recognizes the negative impact of legalized gambling on college sports by prohibiting gambling on any sports teams representing Nevada's universities. We believe there is a strong lesson here and that the Congress should enact this legislation to preserve the integrity of the student-athlete and ban legalized gambling on all high school, college and Olympic sports.

The Department of Health and Human Services has documented that participation in co-curricular activities reduces dropout rates, diminishes the rates of drug abuse and teen pregnancy, and enhances academic performance. Such benefits should not be threatened or undermined by gambling. Accordingly, the NFHS urges passage of The High School and College Gambling Prohibition Act.

Thank you again for your support of this important matter.

Sincerely,

ROBERT F. KANABY, *Executive Director.*

PREPARED STATEMENT OF SELECT MEMBERS OF THE NATIONAL GAMBLING IMPACT STUDY COMMISSION

We, the undersigned members of the National Gambling Impact Study Commission (NGISC), write in support of HR 3575, "The Student Athlete Protection Act." At the conclusion of our two-year commission last June, we recommended that "betting on collegiate and amateur athletic events that is currently legal be banned altogether" (Recommendation 3–7).

Our recommendation proceeded from a profound concern for the integrity of collegiate and amateur athletics and the welfare and well-being of the athletes involved.

During our deliberations on the commission, each of us was troubled by many aspects of the current situation.

- We found an alarming rate of serious gambling problems among our nation's youth. A 1997 study by Harvard Medical School's Division on Addictions reported that college students are three times as likely to develop a severe gambling problem as compared with other adults. Further, we received evidence that sports gambling is a popular form of gambling among adolescents, is widespread on college campuses and is a prominent gateway to other forms of gambling for many young people.
- Recent surveys from the University of Michigan and the University of Cincinnati clearly demonstrate that a troubling percentage of both collegiate athletes and referees are apparently susceptible to gambling influences, thus casting suspicion on the integrity of all collegiate athletic contests. A number of recent highly publicized gambling scandals involving athletes from some of our most prestigious universities has further heightened those suspicions.
- Many believe the allowance and promotion of gambling on amateur sports in Nevada, and the attendant publication of Nevada-generated point spreads across the country, fuels much of the illegal sports wagering that currently takes place by contributing to a false sense of legality and stimulating interest in such gambling.

In addition to those concerns, each of us, as ardent fans of collegiate sports, has an individual stake in this matter. We know that we represent tens of millions of other college sports fans in this nation who receive great enjoyment from watching these young athletes display their talents in fair and honest competition.

It is for all of those reasons, and more, that we have called on Congress to remedy this growing problem of gambling on amateur athletics. We commend the efforts of Reps. Graham and Roemer in introducing this much-needed legislation in the House, just as we applaud the efforts of Sens. Brownback, Leahy, and McCain in the Senate.

We realize that gambling on collegiate athletics is a tremendously lucrative endeavor for Nevada's casinos. However, the modest benefit of $800 million per year in additional casino wagers pales in comparison to the very real threats that collegiate sports gambling poses to our academic institution.%, student-athletes, mid the games themselves.

Before closing, let us address one mistaken criticism that has been directed at this legislation, and specifically at our work as members of the NGISC. Proponents of gambling on amateur athletics claim that our recommendation to ban such gambling is in. conflict with another of our 76 recommendations, which reads: "The Commission recommends to state governments and the federal government that states are best equipped to regulate gambling within their own borders with two exceptions—tribal and Internet gambling" (Recommendation 3–1).

We see no conflict inherent in the two recommendations, and we stand by both. Our series of recommendations clearly noted exceptions to the state regulation paradigm that require federal intervention. In addition to the aforementioned exceptions regarding tribal and Internet gambling, we also recommended, for instance, that Congress amend federal truth-in-advertising laws to include state-sponsored lotteries (Recommendation 3–14).

It is extremely important to note that the recommended ban on amateur sports wagering *must* be addressed by Congress, since It was Congress that granted Nevada an exception in its passage of the Professional and Amateur Sports Protection Act of 1992. Furthermore, as the present situation stands, the other 49 states are incapable of protecting their own academic institutions and student-athletes from the pressures and negative aspects of gambling resultant from wagering on amateur sports in Nevada casinos.

Clearly, Nevada recognizes the wisdom in extending those protections to universities within its own borders, which is why it prohibits gambling on any Nevada universities. Yet Nevada gambling regulators have expressed an unwillingness to allow other states, or even individual academic institutions, the option of exempting themselves from betting activity in Nevada, In light of these factors, a Congressional ban is the only solution. and the one we envisioned all along.

None of us believe that such a ban will completely eliminate sports betting, or that passage of this legislation is sufficient in and of itself. But we all agree it is a necessary—and the most important—starting point in a multi-faceted effort to

protect amateur athletes and the institutions they represent from the pressures of gambling and the taint of scandal.

JAMES C. DOBSON, PH.D.,
RICHARD C. LEONE,
LEO T. MCCARTHY,
PAUL MOORE, M.D.

June 9, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE HYDE: The undersigned wish to express their full endorsement of H.R. 3575, the "Student Athlete Protection Act," to eliminate all exceptions for legalized betting on high-school, college and Olympic sports. Federal law already prohibits gambling on amateur athletics in most states. Nevada, the only state where gambling on amateur athletics is allowed, bans gambling on Nevada's own sports teams to preserve the integrity of those events. We urge you and other Members of the Judiciary Committee to adopt this legislation, so that our teams will not be subjected to the pressures that gambling on them creates. H.R. 3575 will send a clear, no-nonsense message that it is inappropriate to gamble on amateur athletes anywhere in the United States.

The proposed legislation is especially important to our community because it will:

- Eliminate the use of Nevada sports books for gain in point shaving scandals.
- Eliminate the legitimacy of publishing point spreads and advertising for sports tout services.
- "Re-sensitize" young people and the general public to the illegal nature of gambling on collegiate sports.
- Reduce the numbers of people who are introduced to sports gambling.
- Eliminate conflicting messages as we combat illegal sports wagering that say it is okay to wager on college some places but not in others.

We stand ready to provide our full support as H.R. 3575 progresses through the legislative process. Please don't hesitate to contact us if we can provide you with more information on why we believe this legislation is vital to preserve the integrity of our amateur athletics competitions.

The National Collegiate Athletic Association
The American Council on Education
National Association of Independent Colleges and Universities
American Association of State Colleges and Universities
Conference Commissioners Association
National Association of Collegiate Directors of Athletics
National Association of Collegiate Women Athletics Administrators
American Football Coaches Association
National Association of Basketball Coaches
American Federation of Teachers
U.S. Olympic Committee
National Federation of State High School Associations
American Association of Universities
Divisions I, II and III Student Athlete Advisory Councils
The National Football Foundation and College Hall of Fame
The Atlanta Tipoff Club Naismith Awards
The American Association of Collegiate Registrars and Admissions Officers
College Golf Foundation
College Gymnastics Association
USA Volleyball
National Field Hockey Coaches Association
USA Track and Field
Team Handball
National Soccer Coaches Association of America
American Volleyball Coaches Association
American Association of Community Colleges
Golf Coaches Association of America
National Association of Collegiate Marketing Administrators
Intercollegiate Tennis Association
College Athletic Business Management Association

U.S. Track Coaches Association
American Hockey Coaches Association
National Fastpitch Coaches Association
National Association of Gymnastics Coaches/Women
International Association of Approved Basketball Coaches
American Baseball Coaches Association
Women's Basketball Coaches Association
U.S. Cross Country Coaches Association
American Association of Jesuit Colleges and Universities

PREPARED STATEMENT OF HOWARD J. SHAFFER, PH.D., C.A.S., ASSOCIATE PROFESSOR & DIRECTOR, HARVARD MEDICAL SCHOOL, DIVISION ON ADDICTIONS

ON YOUTH & DISORDERED GAMBLING

Representative Hyde and members of the Committee on the Judiciary, thank you for the invitation to contribute and participate in your deliberations by commenting on this very important and complex social matter. As a devoted sports fan and a long-ago student-athlete, I have special interest in this area. In addition, my associates and I recently completed a series of studies that included the most comprehensive analysis of gambling prevalence research in the United States & Canada (Shaffer & Hall, under review; Shaffer, Hall, & Vander Bilt, 1997; Shaffer, Hall, & Vander Bilt, 1999). This work reveals that young people and college students in particular evidence meaningfully higher than typical rates of gambling related disorders. Since athletes represent a distinctive segment of the youthful population, they have unique risks that may place them at special chance of developing gambling related problems.

Before commenting specifically on the *Student Athlete Protection Act*, I will describe briefly the current knowledge about the prevalence of disordered gambling. To begin, there is considerable conceptual confusion and inconsistency about the terminology scientists often use to describe intemperate gambling and the prevalence and natural course of this disorder. Consequently, my colleagues and I have adopted a simplified public health classification system to describe the prevalence of gambling and gambling related problems. Level 1 prevalence rates reflect the people who do not have any gambling problems. Level 2 represents those individuals who fail to satisfy the multiple criteria for a "clinical" disorder but do experience some of the adverse symptoms associated with gambling. Level 3 reflects those people who meet sufficient criteria for having a disorder (e.g., the *Diagnostic & Statistical Manual of Mental Disorders* [DSM–IV]; (American Psychiatric Association, 1994)). These diagnostic criteria, for example, include among others being preoccupied with gambling, risking more money to get the desired level of excitement, committing illegal acts, and relying on others to relieve desperate financial needs.

People with level 2 problems can move in either of two directions: toward a healthier level 1 state or toward a more serious level 3 disorder (Shaffer & Hall, 1996). Psychiatric disorders in general, and disordered gambling in particular, are subject to shifting cultural values. Shifts in prevalence rates can reflect changes in behavior patterns, evolving cultural values, or a combination of both.

Table 1 reflects lifetime and past year rates of disordered gambling along with 95% confidence intervals. Past year rates tend to be more conservative and precise because these estimates avoid some of the timeframe problems often associated with prevalence research. Whether we use lifetime or past year rates, disordered gambling reveals itself with remarkable consistency across research study protocols. Disordered gambling does not, however, appear with equal prevalence among every segment of the population. Young people evidence higher rates of gambling disorders when compared with adults from the general population (National Research Council, 1999; Shaffer, Hall, Vander Bilt, & George, in press). Psychiatric patients experience even higher rates of gambling disorders than do adults and young people from the general population (National Research Council, 1999; Shaffer et al., 1997).

	Adult	Adolescent[1]	College	Treatment/Prison
Level 3 Lifetime	1.92 (1.52–2.33)	3.38 (1.79–4.98)	5.56 (3.54–7.59)	15.44 (11.58–19.31)
Level 2 Lifetime	4.15 (3.11–5.18)	8.40 (5.61–11.18)	10.88 (4.86–16.89)	17.29 (11.05–23.53)

	Adult	Adolescent[1]	College	Treatment/Prison
Level 1 Lifetime	93.92 (92.79 - 95.06)	90.38 (86.49–94.29)	83.13 (74.71–91.55)	67.61 (58.10–77.11)
Level 3 Past year	1.46 (0.92–2.01)	4.80 (3.21–6.40)	—	—
Level 2 Past Year	2.54 (1.72–3.37)	14.60 (8.32–20.89)	—	—
Level 1 Past Year	96.04 (94.82–97.25)	82.68 (76.12–89.17)		

[1] Although mean past-year estimates are higher than mean lifetime estimates for adolescents, there is considerable overlap between the confidence intervals of these measures; adolescents' past-year gambling experiences are likely to be comparable to their lifetime gambling experiences. Differences between instruments that provide past-year estimates among adolescents and instruments that provide lifetime estimates among adolescents most likely account for these discrepancies.

Our newest research reveals that these prevalence estimates are robust. Regardless of the methods used to calculate these rates, the research protocols that produced the estimates, or our attempts to weight these rates by a variety of algorithms, including methodological quality scores, the resulting estimates of pathological gambling remained remarkably consistent. The most precise past-year estimates tend to vary within a very narrow range around 1%[2] (Shaffer & Hall, under review; Shaffer et al., 1997; Shaffer, Hall et al., 1999).

Table 2 presents our most recent findings that update and revise earlier estimates (Shaffer & Hall, under review). Table 2 also includes Andrews' Wave M-Estimator estimates that are likely more accurate than our previous estimates since these values diminish the weight of research estimates that represent outliers.

Estimate	Time Frame & Statistic	Adult	Adolescent	College	Treatment or Prison
Level 3 Lifetime	Mean	1.92	3.38	5.56	15.44
	Median	1.80	3.00	5.00	14.29
	5% Trimmed Mean	1.78	3.33	5.14	15.07
	Andrews' Wave M-Estimator	1.73	2.74	4.64	13.49
Level 2 Lifetime	Mean	4.15	8.40	10.88	17.29
	Median	3.50	8.45	6.50	15.64
	5% Trimmed Mean	3.76	8.35	9.83	17.01
	Andrews' Wave M-Estimator	3.31	8.22	6.51	16.59
Level 3 Past Year	Mean	1.46	4.80	—	—
	Median	1.20	4.37	—	—
	5% Trimmed Mean	1.27	4.77	—	—
	Andrews' Wave M-Estimator	1.10	4.65	—	—
Level 2 Past Year	Mean	2.54	14.60	—	—
	Median	2.20	11.21	—	—
	5% Trimmed Mean	2.25	13.83	—	—
	Andrews' Wave M-Estimator	2.15	11.26	—	—

Gambling in contemporary America is virtually ubiquitous. Approximately 90% of high school seniors have placed a bet during their lifetime (Shaffer, Hall, Walsh, & Vander Bilt, 1995). College and high school students represent young people who have lived in an America where widespread legal gambling has been endorsed and

[2] For example, among adults from the general population, estimates of level 2 lifetime disorders ranged from 2.95–3.85; and estimates of level 3 disorders ranged from 1.50–1.60.

promoted for their entire lifetime. As this behavior has become normalized during the past several decades, with few educational messages to the contrary, young people have not had the opportunity to develop the "social immunity" necessary to protect them from developing gambling disorders.

Our research reveals that, during the past 23 years and in spite of higher rates of disordered gambling among adolescents and substance abusing or psychiatric patients in treatment, only the adult segment of the general population has shown an increasing rate of gambling disorders (Shaffer & Hall, under review; Shaffer et al., 1997; Shaffer, Hall et al., 1999). Among the risk factors for gambling disorders, gender, age, psychiatric status, and family history appear among the most important (Shaffer et al., 1997). For example, adults in treatment for substance abuse or other psychiatric disorders are almost 9 times more likely to have a level 3 gambling disorder during their lifetime when compared with adults from the general population. Similarly, adolescents from the general population and college students have a greater risk of experiencing a gambling disorder compared with their adult counterparts by a factor of about 2.5–3 times. Males from the adult general population are almost 2 times more likely than their female counterparts to suffer level 3 gambling problems during their lifetime. Male college students are almost 4 times more likely to have serious gambling problems compared with their female counterparts.

What is responsible for the rate increase?

The rate increase we observed among adults from the general population could be due to many factors. For example, during the past two decades, the increased availability and accessibility to gambling, increased social acceptance of gambling, few messages about the potential risks and hazards of gambling, an increasing desire to participate in risk-taking activities, a decline in the belief that one can achieve the "American dream," a growing sense of emotional discomfort, malaise or dysthymia, all could play a meaningful or small role in increasing the rate of disordered gambling among the general adult population.

Observers tend to think that disordered gambling is growing in direct proportion to the expansion of legalized gambling opportunities. This may not be an accurate perception (e.g., Campbell & Lester, 1999). Assessing shifting social trends is very difficult without evidence from prospective research. However, gambling certainly has expanded much more rapidly than the rate of disordered gambling. Tobacco is arguably the most virulent object of chemical dependence. In spite of its wide availability, tobacco has a much smaller user base than 20 years ago. Therefore, we must conclude that availability is not a sufficient explanation for the increased rate of an addictive disorder. This observation has received additional support from the results of our new casino employee research (e.g., Shaffer, Vander Bilt, & Hall, 1999).

In part, the history of gambling research inadvertently has fueled the perception that expanded gaming (i.e., lottery, casino, charitable) is the sole cause of increased gambling problems. Of the almost 200 studies of gambling prevalence, the early gambling prevalence studies tended to focus on the adult general population—the population segment with the lowest rate of gambling disorder. More recent studies have examined young people and other potentially high-risk population segments. Consequently, the shifting evidence provided by studies of population segments with higher base rates of gambling disorders have biased the prevailing subjective impressions of disordered gambling prevalence rates (Shaffer et al., 1997).

THE STUDENT ATHLETE PROTECTION ACT

The language of the Bill is unclear about whether the intent of this legislation is to protect student athletes or the institution of American youth sports. It already is illegal for young people to gamble, whether on sport or anything else. To my knowledge, there is no legal bookmaking for high school sporting events. Finally, this Bill seems to apply only to Nevada so the language seems disingenuous.

If the purpose is to protect high school and college student athletes who are at special risk for gambling related disorders, then prohibiting legalized gambling is unlikely to have much impact for two primary reasons: (1) most of their gambling related activities already are illicit and (2) most of their gambling does not occur illicitly within a licit gambling establishment. Since youth groups have not demonstrated a meaningful increase in the prevalence of gambling related disorders during the past 25 years, when legalized gaming was expanding in the United States, then it is unlikely that shifting the status of licit gambling will likewise influence their gambling rate. Therefore, I do not believe that this Bill, while well intentioned, will have any meaningful positive impact. However, it may have unanticipated negative effects. By specifying student athletes, the Bill inadvertently distinguishes non-athletes and may send an implicit message suggesting that they are at lesser risk for gambling related problems when compared with their athlete counter-

parts. This consequence could have adverse impact on the already high problem gambling rate among this population.

Consequently, I respectfully suggest that if you are interested in protecting student athletes, you begin to deliberate about how to protect students and youth in general from developing gambling related problems. For example, high schools and colleges are woefully out of touch with this problem and have few policies and resources in place to deal with them (e.g., Shaffer, Forman, Scanlan, & Smith, 2000, in press). Distinguishing athletes from other students at the outset of this initiative holds potential risks for the entire group. There are many alternatives available to undertake a meaningful initiative to prevent and reduce youthful gambling among both students and student athletes. The first step likely requires the development and implementation of a broad based review to evaluate the nature of the problem, the complexity of risk factors (e.g., alcohol use, depression, etc.) and the potential avenues available to address these concerns. The National Academy of Sciences recently undertook such a review of pathological gambling (National Research Council, 1999) in general and may be in a strong position to advise on this matter.

In conclusion, gambling—and related disorders—represent very complex human activities. These areas of concern deserve careful public health attention and deliberation (Korn & Shaffer, in press). People have gambled since at least the beginning of recorded history and they are not likely to stop soon. Young people are at higher risk for gambling related disorders than teir adult counterparts. Public policy must attempt to solve the twin pillars of gambling behavior: (1) provide safe havens for state approved, legal gambling while (2) preventing harm from developing for those who do choose to gamble—both licitly and illicitly. This is a thorny matter since state-sponsored gambling often stimulates a conflict of interest among promoters of gambling and public health officials.

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OFFICE OF THE GOVERNOR,
Carson City, NV, June 1, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This letter is written in light of the upcoming June 13 hearing of your Committee to consider various pieces of legislation to address illegal sports wagering.

I am pleased to learn that you have invited Nevada Gaming Commission Chairman Brian Sandoval and Nevada Gaming Control Board Member Bobby Siller, to testify at this hearing. Mr. Sandoval and Mr. Siller are distinguished public servants in our State who will provide unique perspectives on this subject. Thank you for your courtesy in inviting them.

Given the importance of this issue, I also wanted to share my views on the matters before you. I do so as Governor of the only state whose economy would be hit hard by some of the proposals before you. I also bring the perspective of an educator who served as Superintendent of our state's largest public school system and as a former university president.

The Congress faces a fundamental choice. If it desires to seriously address the root causes of illegal sports gambling and protect the integrity of amateur athletics, H.R. 3800 and H.R. 4284 offer common sense steps that should be enacted. By contrast, H.R. 3575, backed by the NCAA, purports to address these problems by assuming, erroneously, that federal preemption of Nevada's public sports books will reduce illegal gambling elsewhere. This ill-conceived approach to problem solving would definitely make things worse in Nevada without making things any better in the other 49 states.

H.R. 3575, is an unwarranted and unprecedented attack on the historic right of each State, not just the State of Nevada, to determine for itself whether to permit any form of legal wagering, and if so, under what state licensing and regulatory restraints.

In the case of public sports books, the State of Nevada has carefully regulated this activity with tremendous success for several decades. There are currently 148 state-supervised sports books in Nevada that together directly employ over 1,000 people. Most of these operations are part of larger destination resorts that are among the most popular in the world and constitute the mainstay of our small state's economy.

Nevada's publicly-regulated sports books generate annual state revenues of $6.5 million at a time when, unlike other states, the tremendous population growth in Nevada has resulted in a challenging fiscal future for our state. The economic impact is greater than the direct numbers indicate because publicly-regulated sports wagering is one of the activities that draws visitors to Nevada, particularly at key times of the year. The negative economic impact on the state's private sector will be even greater than the impact on state government because of the investments Nevada companies have made in state-of-the-art sports book facilities.

Congress specifically recognized these various factors in 1992 when it consciously enshrined into the Professional and Amateur Sports Protection Act a provision that "grandfathered" Nevada and other similarly situated states. There has been no attempt in the intervening eight years to overturn that decision until now.

I can only appeal to you and your colleagues in the strongest possible terms not to reverse the well-documented 1992 decision. Given the interests at stake, Congress should not rush to judgment in response to emotional appeals. Instead, fairness dictates that Congress should carefully examine all of the alternative solutions to reduce illegal sports gambling and require all of us to become part of the solution rather than shift blame to a single, smaller State in our Union.

First, it is critical that Congress hear from law enforcement, which can answer why illegal sports gambling thrives nationwide despite being against federal and state laws. As you may know, Nevada's sports books are only responsible for one to three percent of all sports wagering in the country. More importantly, there is simply no comparison between publicly-regulated facilities largely operated by publicly-trade companies and what happens in the underground world of illegal sports gambling.

Second, given their role in publishing point spreads, Congress should take public testimony from the nation's newspapers. We have heard the *theory* espoused that a federal ban on Nevada's publicly-regulated sports books will stop the publishing of such information by others. The Senate Commerce Committee's report on S. 2340 merely assumes that such information elsewhere is only published to foster illegal sports gambling. Given that Nevada jobs and family livelihoods are at stake, it is not too much to ask that the Congress not act on

mere theories or assumptions, but that it ascertain the *facts* before going back on a nearly decade-old "grandfather" clause.

As the Governor of the only state targeted by H.R. 3575, it is incumbent upon me to express the strong views of the State of Nevada that there is no factual or legal basis for Congress to preempt the constitutionally-protected right of Nevada to determine the State's gaming policies. Were H.R. 3575 a serious legislative response to a documented national problem, it would contain provisions directed at each of the fifty states. The Congress should instead look at H.R. 3800 and H.R. 4284 to determine the best course of action to fashion a meaningful national strategy to reduce illegal sports gambling.

Mr. Chairman, thank you for inviting both Chairman Sandoval and Board Member Siller to your hearing. I also request that this letter be made a part of the hearing record.

Sincerely

KENNY C. GUINN, *Governor.*

CC: Honorable John Conyers, Jr., Ranking Member
House Judiciary Committee
Nevada Congressional Delegation
Chairman Brian Sandoval
Board Member Bobby Siller

AMERICAN FEDERATION OF TEACHERS,
June 7, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the American Federation of Teachers (AFT), I urge the House of Representatives to support legislation, H. R. 3575, the Student Athlete Protection Act, to ban all legal gambling on amateur sporting events. Our membership of over one million, largely comprised of public school teachers, is dedicated to the education and well being of American youth. We believe that gambling on high school, college and Olympic sports taints these activities and presents a very harmful temptation to young people.

Representatives Graham and Roemer introduced H. R. 3575 which prohibits any gambling on amateur sports, ending an exception in federal law that has allowed the continuation of legal gambling on high school, collegiate and Olympic sporting events. Under current law, betting on young people and the games they play is only permitted in a few states with Nevada being the only state where such gambling actually occurs. Nevada, curiously, prohibits gambling on its own college teams but betting on teams in any other state is rampant. The state adopted this policy to protect the integrity of Nevada's sporting events and assist in protecting student-athletes from pressure to influence the outcome of a game or contest. This is certainly the best argument to prohibit such gambling nationally.

H. R. 3575 also eliminates any justification for the publishing of point spreads (betting odds) on college games in our nation's newspapers. It will help curtail the widespread advertising of sports handicapper services (associated with college football and basketball) in newspapers, magazines and on television. In short, a uniform prohibition on gambling on college games will sensitize the public to the corrupting nature of this activity and send the clear message that it is unseemly and inappropriate to bet on the games of our young people.

The AFT is particularly concerned that many children are engaged in collegiate sports gambling. Research by the American Academy of Pediatrics indicates that there are more than one million U.S. teens addicted to gambling. Also, a recent Harvard School of Medicine report estimates that 6 percent of teenagers under 18 have serious gambling problems. With ample opportunity for adults to engage in legal gaming in this country, there is absolutely no justification for retaining the limited but remaining access to legal betting on college sports that exists today. This is an open invitation for youth to become gamblers and, in some cases, ruin their lives.

Congress should act responsibly and show its concern about the about the welfare of our nation's student-athletes and preservation of the integrity of amateur athletics. The AFT strongly urges you to support this very important legislation.

Sincerely,

CHARLOTTE J. FRAAS, *Director of Federal Legislation,*
Office of Government Relations.

PREPARED STATEMENT OF NANCY PRICE, NORTH LAS VEGAS, NV

Members of the Committee:

On November 10, 1998, I testified before the National Gambling Impact Study Commission in Las Vegas, Nevada. At the time, I was ending a six-year term as an elected Regent of the University and Community College System. I asked that they recommend banning gambling on college sports in Nevada, an issue I've worked on since 1992. I thank the Commission for its recommendation, and I thank you for the opportunity to continue this important work by presenting this testimony.

First, I wish to debunk the notion that if you make bookmaking illegal in Nevada it will increase organized crime and illegal bookmaking. This spin comes from Frank Fahrenkopf of the American Gaming Association and Nevada media. In fact, legal gambling provides an incubator for the expansion of gambling—legal and illegal. James H. Frey, Ph.D., of the University of Nevada Las Vegas (UNLV) Department of Sociology. ("Gambling on Sports: Policy Issues" from the Winter, 1992, Journal of Gambling Studies, p. 355) stated, "In reality, state-run gambling stimulates illegal gambling rather than eliminating it."

The explanation for this can be found in a book by former FBI agent William F. Roemer, Jr., "The Enforcer," (Donald I. Fine, Inc., New York, p.196). Mr. Roemer also knows illegal gambling increases with state-sanctioned gambling—Why? Because legal gambling gets people hooked who otherwise would not gamble illegally. The addicted must look elsewhere for a place to gamble when they're out of cash and credit. This stimulates illegal gambling.

The next "red herring" by Frank Fahrenkopf is that college sports gambling is a states' rights issue. If this is true, then Senator Bill Bradley's Professional and Amateur Sports Protection Act of 1992 is unconstitutional and all states have the option of gambling on sports. Congress does have the power and responsibility to regulate college sports as indicated by the 1992 legislation. Another indication of federal jurisdiction is the case NCAA v Tarkanian. Here the Nevada legislature passed a law requiring NCAA to give "due process" to a coach in its rulings. The U.S. Supreme court said Nevada could not enforce such a law, because college sports is interstate commerce and therefore a federal issue.

Revenue to the State of Nevada on college sports betting is minimal but growing now. However, the potential for the expansion of this industry is huge and the impact on United States policy, world reputation, and social order is critical. Internet gambling is simply a means of competition. The X and Y generation are not likely to play keno or slots. But in the privacy of their homes, over Cox cable, they will be able to gamble on every play, every inning where the "Laws of Nevada Apply" from anyplace in the world. The question is, where do we draw the line on gambling? Or do we?

Former basketball star and Senator Bill Bradley, D-New Jersey, stated the following upon the passage of the Professional and Amateur Sports Protection Act, October 7, 1992, (U.S.C.&&3701). This law prohibits states from professional or amateur sports betting with few exceptions other than Nevada. (Delaware, North Dakota, Oregon and Montana have minimal activity).

"We all recognize the fiscal constraints under which States operate in these tough economic times," Senator Bradley said, "but we must not forget the consequences of sports betting. Based on what I know about the dangers of sports betting, I am not prepared to risk the values that sports instill in youth just to add a few more dollars to state coffers . . . State-sanctioned sports betting conveys the message that sports are more about money than personal achievement and sportsmanship. In these days of scandal and disillusionment, it is important that our youngsters not receive this message . . . Sports betting threatens the integrity of and public confidence in professional and amateur team sports, converting sports from wholesome athletic entertainment into a vehicle for gambling . . . Sports gambling raises people's suspicions about point-shaving and game-fixing . . . All of this puts undue pressure on players, coaches and officials . . . Sports would become the gamblers game and not the fans game."

Senator Bradley closed by congratulating his colleagues for acting in the best interest of youngsters and athletes by passing his bill. Incidentally, New Jersey was given the option of being grandfathered in and the people said no to sports betting. A problem in Nevada is even though gambling is a state-created, privilege industry, it is nonetheless allowed to donate to political campaigns. This was not the case in New Jersey last time I checked, but I'm sure there's been pressure to change that law. With few exceptions, elected officials and candidates in Nevada sing the same tune, when it comes to gambling. There is nothing new in that culture, but it makes it impossible to curb gambling from within the state. In the movie "Bugsy," Bugsy

Siegel opens by saying they (organized crime) will do legally in Nevada what is illegal everywhere else and do it through the government.

During the Sixty-seventh Session of the Nevada legislature, April 14, 1993, the Assembly Committee on Education unanimously agreed to draft a bill to ban gambling on college sports. They also agrred to draft a resolution to Congress to add Nevada and the other states to the Sports Protection Act for college sports. By the time the bills were drafted, no one would second the motion for committee introduction. Within an hour of that meeting and five-hundred miles away, the lobbyist for the Sports Books was in my husband's offfice (Assemblyman Bob Price), asking "What the hell is your wife doing?"

Gaming influence in Nevada makes it impossible for the state to act on its own. Nevada must be included in the federal ban for the same reasons the Sports Protection Act was enacted. Consider the damaging effects on the students and athletes on whom you allow gambling. The gambling industry, the State of Nevada, and this country can get along without taking bets on college sports (high schools and Olympic Games).

The following questions were asked by the National Gambling Impact Study Commission. My reaction to these questions came as an elected official who made a promise in a brochure in 1991 to do something positive for sports. My dedication to this issue comes about as a grandmother of a 15-year old with a 4.07 grade point average (honors classes), who is a dynamite athlete—Nick. I've made a concerted effort to document my statements one, because I can, and two, because the challenge and the pressure to take this stand has been painful. However, intuitively I believe we all know, it's just the right thing to do.

1. What is the estimated volume of legal sports gambling? Of illegal?

In 1990, all sports betting represented less than one percent of the gambling market share and contributed just 0.38 to 1.62 percent of casino win in Nevada (Nevada Gaming Control Board, 1990). At a six percent tax rate on a gross win of $48 million in 1990, this resulted in only $2.9 million for Nevada's treasury (Frey id.). Dr. Frey's study also refers to the work by congress and others to prohibit gambling on sports. He cites the links of betting to organized crime, the potential for "fixing " outcomes, and the negative impact betting has on the perceived integrity of events (p 351). Figures from Nevada Gaming Control used in testimony before the Nevada legislature in 1994 for another attempt to raise this issue revealed little benefit to the state. I questioned whether sanctioned and widespread sports gambling is good enough for the economy to outweigh the impact on the United States' leadership role in the world and responsibility to its citizens?

2. How are sports gambling regulated? How are illegal sports gambling controlled in legal venues?

There has been an explosion around the world of illegal and legal means to gamble on sports, yet Nevada's gaming control apparatus has little ability or expertise to regulate a situation that is unique to Nevada. In fact, I. Nelson Rose, author of "Gambling and the Law" and professor at Whittier College School of Law in Los Angeles takes a dim view of Nevada regulatory bodies. He notes that the fight for regulatory control is almost over and the casinos have pretty much won. Every year the industry gets a little more of what it wants, he notes in the book *Welcome to the Pleasuredome* by David Spanier, (University of Nevada Press, 1992 p 231). Recently there has been extraordinary revelations about gaming control in Nevada through the Attorney General's office. Yet, there has been very little local or national attention by the media who have an enormous interest in the proliferation of sports betting.

In the South for many years there was a "Sovereignty Commission" to protect "state's rights." It is said that it was there to protect segregation. Professor Rose is not the first to assert that Nevada's system of so-called "voluntary compliance" has grown too close to the industry it regulates. Organizational theory will support this as well.

THE MEDIA AS FELLOW TRAVELER: The First Amendment role of media as watchdog has eroded worst with sports. Media long ago crossed the line from neutral reporters to boosters. In 1992, the Society of Professional Journalists adopted a resolution at its national convention in Baltimore addressing the conflict-of-interest which the media have reporting on sports, given their financial interest in the industry.

At a recent American Gambling Association meeting in Las Vegas, the guest speaker from USA Today was asked (by me) why newspapers around the country publish point spreads when gambling is illegal in their state. He gave a weak answer. Immediately following his statement, Las Vegas Mayor and well-know "mob"

attorney Oscar Goodman, said not only do they publish the numbers, they also publish it in the order a bookie would take the bet. He said, "and I know" I defended the bookies.

In Nevada the publisher of the Gannett-owned Reno Gazette-Journal accepted a seat on the board of directors of Harrah's Entertainment, a company with major hotel-casino holdings in northern Nevada and a state-regulated industry. She also serves as president of Gannett West Newspaper Group with responsibility for Gannett chain newspapers throughout the western U.S. She has been heavily criticized within the publishing fraternity for facilitating a potential conflict of interest with her community's principal industry. If she attended every corporate meeting on the agenda in 1997, she stood to earn $46,800 from the gambling corporation. (Reno News & Review, 29 January 1997, p. 10) In reviewing the situation, the Columbia Journalism Review quoted the Reno Gazette-Journal's own employee handbook: "Employees will not have any outside interest, investment or business relationship that dilutes their loyalty to the company or dedication to the principle of a free and impartial press." (id.) Harrah's parent corporation, "Promus, and its subsidiaries paid Gannett's Pacific Newspaper Group $890,251 for newspaper advertising from Jan 1., 1994, to Feb. 28, 1995, according to SEC documents." (id.)

With billions of dollars in advertising and the increasing concentration of power in a few media companies, marketplace regulation has been replaced with wealthy media moguls playing monopoly with teams and satellites.("King of Sports," Barron's Sept. 21, 1998; "Rupert Murdoch; Heartless Man in Spineless World," Mother Jones magazine; October, 1998—an interesting and timely combination of sources). "The media baron who broadcasts the games the world loves controls the world's hearts, and hence the world's wallets," wrote Mother Jones contributor Zev Borow. While fans "may not be loyal to any network, they're out-of-their-minds loyal to their teams," said Fox Sports Net anchor Van Earl Wright. (ibid.) In the age of Rupert Murdoch, sports becomes a mere facilitator, a building block in the construction of his stateside media empire. As his media penetration increases, so does his political influence. Murdoch, who renounced British citizenship in order to circumvent U.S. laws prohibiting foreign ownership of television stations, makes or breaks political careers. British Prime Minister Tony Blair's government did nothing to prevent Murdoch from acquiring a major soccer team despite Murdoch's existing media and sports dominance in the U.K. He recently bought the venerable Los Angeles Dodgers, the last family-owned major league baseball team. Murdoch is always on the cutting edge of technology. If there's an extra dollar to be made in media and sports, he will be the first to make it. "You know, with sports, it's like the world's biggest addiction. Once you've got them hooked, they're hooked," says Jacqueline Hunt, senior presentation coordinator of Murdoch's Fox Sports Australia. (ibid.)

Such words should act as a warning as we enter the brave new world of satellite and Internet-facilitated real-time gambling on sporting events in progress.

In 1993 and 1995, I testified before Nevada legislative committees to ban gambling on college sports in Nevada and send a resolution to the U.S. Congress to apply its law equally. I visited and wrote congress regarding the issue(copy attached). In 1996 I presented a state and national plank to the Republican convention which was tabled (copy attached). The motion was tabled after discussion that the industry would not donate to campaigns. In 1997, I took a different route and requested the introduction of Assembly Bill 610 (attached) which would have allowed gambling but would have treated all schools equally under Nevada law. Before any betting would be allowed on a collegiate-level game, schools involved would have to give their permission. They would obtain a royalty for granting the privilege.

The bill recognized the property right resulting from the substantial sports investment of taxpayers, students and donors through their respective institutions. These institutions "create the excitement" by producing athletic performances broadcasted and used for gambling outside the scope of the "fair use doctrine." "Fair use" for purposes of this discussion may also be roughly defined as a news description of facts emanating from an event. It is also used to describe excerpting from a piece of writing for purposes of criticism or illustration. (The formal definition may be found in17 U.S.C. section 107)

TELECOMMUNICATION LAW. Television sports programming deserves a great deal of study and discussion independent from the FCC. It seems to me that the concept of public airwaves needs to be reinforced. Telecommunications law is rapidly evolving. For example, in 1996, the National Basketball Association sued Motorola to prevent transmission over Motorola pagers of news of games in progress. The NBA asserted a heretofore unrecognized property right in the news emanating from in-progress sporting events. "To, allow an entity to monopolize the facts that naturally flow from its activities is a dangerous precedent," commented an online publi-

cation, Cyberspace Lawyer (vol. 1, no. 7, October, 1996). Another interesting example is the Liechtenstein Lottery *www.interlotto.li*. The small country of Liechtenstein, which internationally markets a national lottery, would like the laws of Liechtenstein to apply to a computer or satellite user in Utah where gambling is still illegal.

A Nevada company, BIOCHEM, took over INTERBET, providing bingo and a sports betting website. The law provides for "clearances" or addressing "fair and equitable pricing" that is required under interstate commerce. The question of jurisdiction is being addressed in many states and nations. Nevada law clearly defines gambling as a "privilege industry." (State v.Rosenthal, 93 Nev. 36, at 41, 44, 559 P.2d 830 1977). If there is no difference from any other business, then do away with the expense of gaming control. If it is different, and if Nevada has a virtual monopoly on sports betting, there is a federal as well as a state responsibility under interstate commerce wherein casinos have a liability for activity beyond "fair use" of sporting event news. Hence, the introduction of AB 610. Otherwise, recall Sen. Bradley's caution about converting sports from wholesome athletic entertainment into a vehicle for gambling.

PROLIFERATION OF NON-PROFITS: NCAA and the other organizations involved with sports add to the complexity of this discussion. The "foundations," "booster clubs," and tax law have been quite an education for me as a Regent. The proliferation of 501(c)(3) tax-exempt, non-profit organizations hurt the true non-profit work being done by so many organizations. Many of these groups seek to make government decisions without the accountability of government. The foundations control the university system of this state. (See "Regent Shelley Berkley" in *Running Scared* by John L. Smith; Barricade Books, Inc, 1995, p. 308–309).

If your response to all this is, "we'll make it all legal because we can't stop it," let me refer to the Knight Foundation. Its Commission on Intercollegiate Athletics several years ago issued a report which reflects hope as well as frustration: "I think the temptation is for us to throw up our arms and say we can't possibly change this mess . . . Such a position is pretty feeble in light of what's happened in Eastern Europe. If the Berlin Wall can come crumbling down, I find it hard to believe we can't deal with the problems of college athletics."

3. What is the general player profile for sports gambling? How well are youth and adolescents kept from sports gambling?

In conversation with Steven L. Oster, MA, staff counselor in Student Psychological Services at UNLV, several profile indicators were discussed. His 1992 master's thesis addresses the parameters of undergraduate gambling. With a committee of six Ph.d.'s using the South Oaks Gambling Screen, or SOGS , the following was reported:

- Over 92% of students under 21 years of age had gambled.
- Over 50% gambled in a casino.
- 22% gambled weekly.

Using SOGS, 11.2% scored in the pathological gambling range. Gambling and pathological gambling behaviors displayed a significant relationship to male gender, non-residency status, being over 21 years-old, and getting drunk often. DSM–III–R, proposed DSM–IV, and SOGS criteria measured pathological gambling at 5.1%, 4.2%, and 11.2%, respectively (DSM Diagnostic and Statistical Manual of Mental Disorders).

No relationship was found linking subjects' college major or underage drinking with pathological gambling. SOGS scores of UNLV students were consistently higher than found in previous studies. Critical elevated scores were reported for non-resident students. (Lesiuer & Blume, 1987, Henry R. Lesieur, Ph.D., Dept. of Sociology and Anthropology, St. John's University, Jamaica, New York) I am also attaching a reference list from a similar article, "The proliferation of legalized gabling: implications for student affairs; Robert L. Ackerman and Terry D. Piper; NASPA Journal, Vol 33, no 2, Winter 1996.)

Much has been written over the past decade or so about state lotteries, run by governments, sending a message to young people that gambling must be all right since the government is doing it. In Nevada, our youngsters have been getting that message for much longer. In 1984, a congressman sent a letter to a constituent concerned about underaged gambling at U.S. military installations.

"I can certainly understand your concerns that the Army is encouraging gambling by young men and women by purchasing slot machines. However, slot machines have proven to be very popular with the troops, and certainly keeps them off the streets and away from drugs and other illegal activities. I believe it is a healthy recreational activity which is cost effective and enjoyed by our troops," the congress-

woman concluded. (Letter attached.) Her husband at the time was a high level executive with the company selling the slot machines to the government. (Reno Gazette-Journal, 16 Sept. 1984, p. 19A).

4. What are the current technological trends in sports gambling, and how do those trends affect its successful regulation?

The children's television and computer game program, "Where In The World Is Carmen Sandiego," can be accessed in the home by children who then interact with the show In Hartford, Connecticut, there are boxes that interact with the television to play trivia. A television with a sporting event is playing right next to it. According to Dr. Rob Hunter of Charter Hospital in Las Vegas, the length of time to become addicted dramatically shortens when it comes to video poker. Imagine the B. F. Skinner result of immediate reward and punishment of gambling on every play in a sporting event in real-time in your living room using your (or your parents') credit card. The MTV generation and beyond may not find craps or poker exciting. They do find the excitement of competition exciting.

On America West planes there are computers where the phones used to be. "The laws of Illinois" apply if shopping. Soon, with pressure to allow gambling in air space over the United States, you'll see "the laws of Nevada" apply for casino and sporting events. If you think families have problems with 900 number porno calls, just wait for interactive gambling in the home

Under the heading "Electronic superhighways and the interactive future," (Gaming & Wagering Business, Aug-Sept., 1993 p 25), the magazine noted that "farsighted casino executives, the Steve Wynns and Larry Woolfs and Bill Bennetts, are making their companies over into providers of general entertainment able to compete with Orlando and Hollywood for megabuck family leisure budgets . . . Mirage Resorts and Circus Circus and Caesars World and MGM Grand are entertainment companies adorning with gaming driven income statements of incredible cash-generating power. In the years ahead there will be nothing, absolutely nothing. these companies cannot afford to buy. There was news here in 1992 that was generally overlooked. The Professional and Amateur Sports Protection Act, in creating a Federal ban on new sports betting . . . would appear to give pari-mutuel sports a monopoly on interactive wagering on sports in the home."

I also refer you also to the June 1997 issue of "Financial World." The entire issue is devoted to sports and in part refers to Cablevision and the Sports Channel (now owned by Rupert Murdoch). "People close to the deal say ITT, which owns the Sheraton chain of hotels and is bidding for Caesars World casino-hotels, would like to turn Madison Square Garden into an interactive sports park." Last time I checked you could find a link to the MGM Grand Hotel Casino off the (WAC) Western Athletic Conference website

5. What is the social impact of illegal sports gambling?

I make no distinction between legal and illegal sports gambling when it comes to gambling's impact on our society. On February 25, 1997, I spoke with Cedric Dempsey, executive director of the NCAA at an ACE (American Council on Education) meeting in Washington, DC. He said schools didn't have a problem with legal gambling; it was illegal gambling that was a problem. I said that's like saying it's OK to be hit by a defensive missile; it's only the offensive missiles that do harm.

Gambling is regulated for good reason and those reasons are magnified when you sanction gambling on sports—particularly college sports. I once heard a speaker say there were more security guards at the Mirage casino on the Las Vegas Strip than there were highway patrol officers in the entire state of Nevada. A member of the Nevada Gaming Control Board once told me there were only two people in gaming control who knew much about computers when the gambling industry can afford to hire the best in the world.

There is no way government can control such an industry, but the public can if enough people believe gambling on sports is not acceptable. People who normally would not gamble take government sanction as a statement that gambling is o.k. MADD (Mothers Against Drunk Drivers) and state legislatures have had an important impact on both the law and individual behavior. A clear statement from government, whether through policy or law, would have a significant impact on sports. Nevada itself, in the not-too-distant past, reversed itself on the subject of gambling.

On March 24, 1909, Nevada Governor Denver Dickerson signed Assembly Bill No. 74, introduced by Democrat Assemblyman George McIntosh from Carlin. It ended legalized gambling in Nevada. That crusade took fifty years and was also lead by University Regent Charles Lewers who spoke on the effects of gambling on the operation of the university and the financial impact of the loss of students (Nevada Forum, October 14, 1908; October 19, 1908; Nevada State Journal). The banner at

the October 12, 1907 anti-gambling rally at the Grand Theatre in Reno read, "Gambling Will Catch Some Of Our Boys, Will It Be Mine Or Yours."

The Reno Evening Gazette, on February 8, 1909, published this poem.

> Nevada, wicked state,
> Cut the gambling, ere too late;
> Lift yourself out of
> The mire,
> Throw the crap game
> In the fire.

Gambling was legalized in the midst of the Great Depression in 1931 ("Veiling the Tiger: The Crusade Against Gambling," 1859–1910; Phillip I. Earl; Nevada Historical Society Quarterly, Vol. XXIX, Fall 1985, No. 3).

I never read a sports page until I ran for university regent. Understanding the politics of sports and gambling became necessary and my goal to find a "model sports policy" a nearly impossible task. Starting in the early 1980s, the headlines read, "Regents OK loan to correct UNLV athletic cash flow" (1/14/84); "Regents reject Crowley proposal for non-profit corporation" (9/16/83); "In Trouble for Overspending on Athletics, UNLV Vows to Reform" (7/27/83); "Regents seek help to end disarray" (7/13/83); "Wiesner succeeds Molasky as UNLV Foundation President" (3/22/83); "No state money will be used to pay coaches, Regent chief says" (2/10/83); "UNLV Athletic Department better off without boosters" (2/13/83); "Report on UNLV Sports Tell It Like It Is—Bad" (1/12/83); "UNLV looks for bailout/UNR president says arena may not open" (1/27/83); "Blue Ribbon Committee on UNLV sports problems headed by Kenny Guinn" (1/9/83).

Ten years later, the headlines are about the same. On October 19, 1994, after a brilliant presentation by Interim President Kenny Guinn, a majority of the regents of the University and Community College System of Nevada voted to pay basketball coach Rollie Massimino $1.8 million dollars to leave after an illegal contract with the UNLV Foundation was revealed. Why did individuals go to such great lengths to keep the contract secret? (Nevada Attorney General's Opinion Request no. 94–42)

The negative impact of betting on the perceived integrity of events that the Sports Protection Act seeks to address begs this question and will continue so long as Nevada schools are treated differently. Nevada has a virtual monopoly on sports betting except if a Nevada team is involved In that case, gaming regulation forbids betting (Gaming Regulation 22.120). If UNLV has a winning team in the Final Four, as they did under Jerry Tarkanian for two seasons in a row, bookies cannot take bets. It is not in the casino industry's best interest, then, to have a winning college team in Nevada. This is a severe conflict of interest which will haunt our colleges until it changes. Our teams are no different than most others yet we are treated as if we are.

Concerns about when and where gambling takes place are now overshadowed by the impending explosion of technology with no thoughtful policy. Geography and state borders are no longer relevant with gambling through Nevada or off-shore. With today's technology, being in-state and able to gamble means nothing. The answer proposed by gamblers is to allow gambling on in-state teams. AB 610 proposed that but rightfully required consent and a royalty for more than "fair use" for all institutions. I still prefer the campaign slogan of a group lobbying along with NCAA and the professional leagues in DC for the Sports Protection Act, "Don't gamble on our children."

December 1, 1993 I sent this letter to all members of congress. I had no idea at the time the breadth and depth of politics of sports.

> I respectfully request you reconsider your action that exempted five states from the Professional and Amateur Sports Protection Act passed in October 1992 at least for college sports. The gambling/media cartel is not good for education.
>
> Nevada now has a near monopoly on sports betting. Several years ago a local newspaper ran a picture of UNLV basketball players in a hot tub with a convicted sports fixer. That incident continues to tear apart our university system and the community. No state should be allowed to gamble on college sports.
>
> The State of Nevada didn't receive much in the way of taxes from sports betting, but the gambling industry is using its special status to increase the lure. Your recent change allowing gambling advertisements also aids this expansion of sports betting in Nevada.

Nevada stands as the most high profile loophole though which the entire world could legally gamble on almost anything—elections, Little League, children's beauty

pageants or worse. There is a concern around the world about organized crime. The United States, leader of the free world, sanctions, through Nevada, a structure that neither respects the property right of sporting performance nor draws the line on gambling on any measurable scale.

I believed that the state and the industry should volunteer to draw the line at college sports. But they will not. If Congress does not act then the industry should be made to abide by principles of interstate commerce and pay a royalty to the donors and taxpayers for more than "fair use" of the games they pay to produce through the courts.

Members of the Committee, I understand very well much of the politics surrounding this issue. The task is an ancient philosophical one of finding the "good." Please make your over-riding concern fair use of our educational institutions and not misuse of their students, supporters and taxpayers.

March 12, 2000

The Honorable Chairman Henry Hyde
The Honorable Ranking Member John Conyers, Jr.
Committee on the Judiciary
U. S. House of Representatives
Washington, DC 20515

Dear Representatives Hyde and Conyers:

Thank you for conducting a hearing on the "Student Athlete Protection Act" (H.R. 3575) that if enacted will close a loophole in federal law that allows for the continuation of legal gambling on high school, collegiate and Olympic sporting events in a handful of states.

As you know, in 1992, the Professional and Amateur Sports Protection Act (PASPA) was enacted to prohibit gambling on most sporting events. PASPA exempted four states that already conducted, or had enacted legislation that permitted them to conduct, sports gambling within their jurisdiction. Now, eight years later, there has been a blurring of the line between legal and illegal sports gambling in this country. Sports gambling has reached the point where it has become so widespread that it is fairly safe to conclude that many do not know that it is an illegal activity in virtually every state in the U.S.

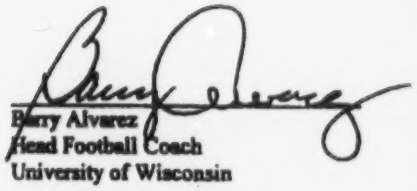
H.R. 3575 will remove any ambiguity associated with betting on college sports by making it illegal to gamble on college games in every state. This will help curb the destructive and unseemly practice of gambling on the athletics success of our nation's young student-athletes. Although rare, NCAA has experienced more point-shaving and game-fixing schemes in the 1990s than the previous five decades combined. The most significant of these scandals involved money wagered legally in Nevada casinos. The Graham/Roemer bill will aid in preserving the integrity of college sporting events and assist in protecting student-athletes from pressures to influence the outcome of a game or contest.

This legislation will also eliminate any legitimate justification for the publishing of point spreads (betting odds) on college games in our nation's newspapers. In addition, a ban on all collegiate sports gambling will encourage the discontinuation of widespread advertising of sports handicappers services (associated with college football and basketball) in newspapers, magazines, and on television. If we were to accomplish this goal, we would have solved a good part of the problem. In short, a uniform prohibition will re-sensitize the public to the corrupting nature of this activity.

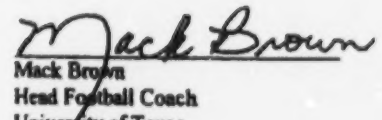
Finally, Nevada is currently the only state where collegiate sports gambling occurs. Proponents of Nevada sports books will argue that regulated sports books pose little threat to the integrity of sports contests and that illegal sports gambling is the culprit. However, Nevada gaming regulations clearly recognize the potential danger that legal sports gambling presents. The regulations not only prohibit Nevada sports books from accepting bets on college athletics events that occur in the state, but they also prohibit gambling on any games of Nevada institutions played outside the state's borders. Inexplicably, this protection does not extend to any of the institutions located in the other 49 states.

On behalf of the institutions we have had the privilege to coach, we are immensely appreciative of your efforts. Please let us know how we can be of assistance.

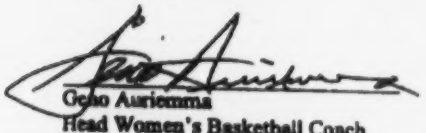
Sincerely,



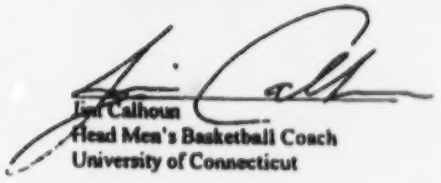
Barry Alvarez
Head Football Coach
University of Wisconsin



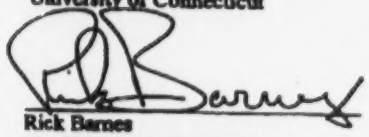
Mack Brown
Head Football Coach
University of Texas



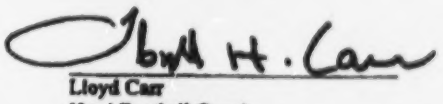
Geno Auriemma
Head Women's Basketball Coach
University of Connecticut



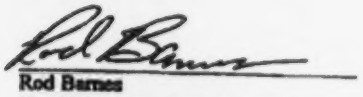
Jim Calhoun
Head Men's Basketball Coach
University of Connecticut



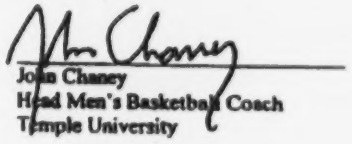
Rick Barnes
Head Men's Basketball Coach
University of Texas



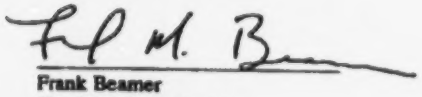
Lloyd Carr
Head Football Coach
University of Michigan



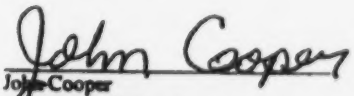
Rod Barnes
Head Men's Basketball Coach
University of Mississippi



John Chaney
Head Men's Basketball Coach
Temple University

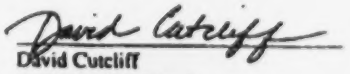


Frank Beamer
Head Football Coach
Virginia Polytech. Institute

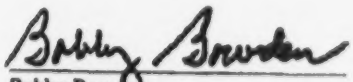


John Cooper
Head Football Coach
Ohio State University

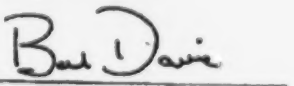
Jim Boeheim
Head Men's Basketball Coach
Syracuse University



David Cutcliff
Head Football Coach
University of Mississippi



Bobby Bowden
Head Football Coach
Florida State University



Bob Davie
Head Football Coach
University of Notre Dame

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Matt Doherty
Head Men's Basketball Coach
University Notre Dame

Bill Guthridge
Head Men's Basketball Coach
University of North Carolina

Jim Donnan
Head Football Coach
University of Georgia

Leonard Hamilton
Head Men's Basketball Coach
University of Miami

Billy Donovan
Head Men's Basketball Coach
University of Florida

Lou Holtz
Head Football Coach
University of South Carolina

LaVell Edwards
Head Football Coach
Brigham Young University

Gene Keady
Head Men's Basketball Coach
Purdue University

Cliff Ellis
Head Men's Basketball Coach
Auburn University

Pat Kennedy
Head Men's Basketball Coach
DePaul University

James "Bruiser" Flint
Head Men's Basketball Coaches
University Of Massachusetts

Bob Knight
Head Men's Basketball Coach
Indiana University

Phillip Fulmer
Head Football Coach
University of Tennessee

Lon Kruger
Head Men's Basketball Coach
University of Illinois

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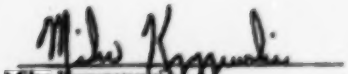
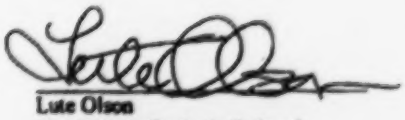
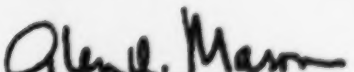


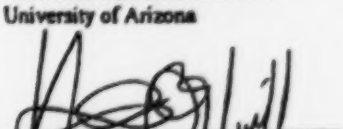
Mike Krzyzewski
Head Men's Basketball Coach
Duke University



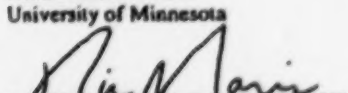
Lute Olson
Head Men's Basketball Coach
University of Arizona



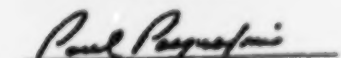
Glen Mason
Head Football Coach
University of Minnesota



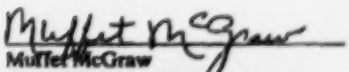
Kevin O'Neill
Head Men's Basketball Coach
Northwestern University



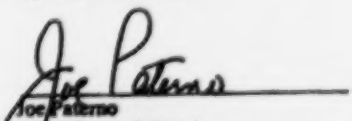
Rick Majerus
Head Men's Basketball Coach
University of Utah



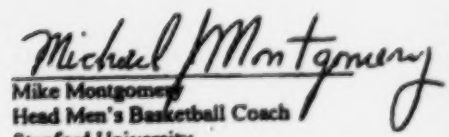
Paul Pasqualoni
Head Football Coach
Syracuse University



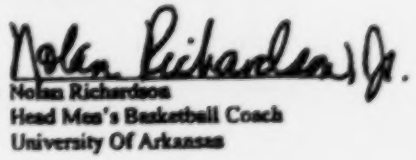
Muffet McGraw
Head Women's Basketball Coach
University Notre Dame



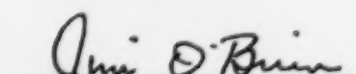
Joe Paterno
Head Football Coach
Pennsylvania State University



Mike Montgomery
Head Men's Basketball Coach
Stanford University

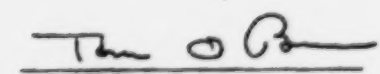


Nolan Richardson
Head Men's Basketball Coach
University Of Arkansas

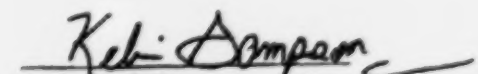


Jim O'Brien,
Head Men's Basketball Coach
Ohio State University

Nick Saban
Head Football Coach
Louisiana State University



Tom O'Brien
Head Football Coach
Boston College



Kelvin Sampson
Head Men's Basketball Coach
University of Oklahoma

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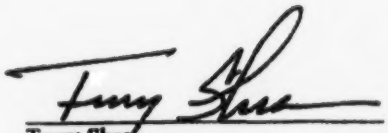
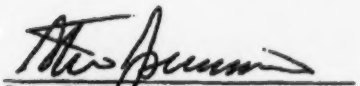
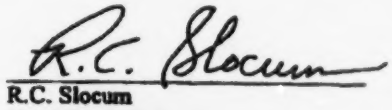


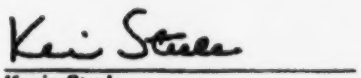
Terry Shea
Head Football Coach
Rutgers University



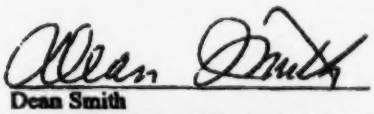
Steve Spurrier
Head Football Coach
University of Florida



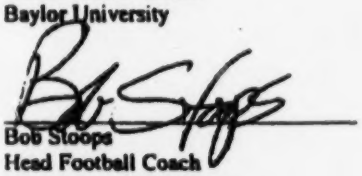
R.C. Slocum
Head Football Coach
Texas A&M University



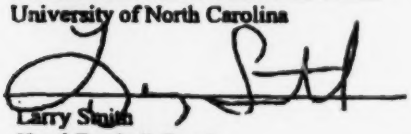
Kevin Steele
Head Football Coach
Baylor University



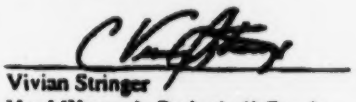
Dean Smith
Former Head Men's Basketball Coach
University of North Carolina



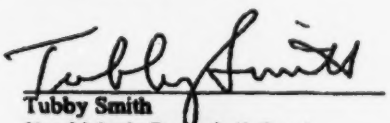
Bob Stoops
Head Football Coach
University of Oklahoma



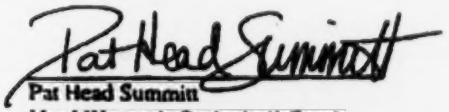
Larry Smith
Head Football Coach
University of Missouri



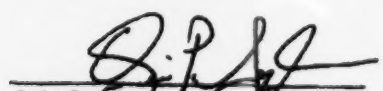
Vivian Stringer
Head Women's Basketball Coach
Rutgers University



Tubby Smith
Head Men's Basketball Coach
University of Kentucky

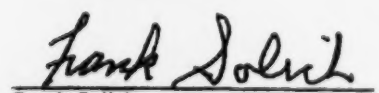


Pat Head Summitt
Head Women's Basketball Coach
University of Tennessee

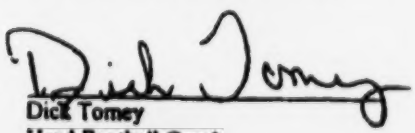


Quin Snyder
Head Men's Basketball Coach
University of Missouri

Bob Toledo
Head Football Coach
University of California Los Angeles



Frank Solich
Head Football Coach
University of Nebraska



Dick Tomey
Head Football Coach
University of Arizona

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Tara VanDerveer
Head Women's Basketball Coach
Stanford University

Pete Gillen
Head Men's Basketball Coach
University of Virginia

Marian Washington
Head Women's Basketball Coach
University of Kansas

Houston Nutt
Head Football Coach
University of Arkansas

George Welsh
Head Football Coach
University of Virginia

Larry Shyatt
Head Men's Basketball Coach
Clemson Univeristy

Gary Williams
Head Men's Basketball Coach
University of Maryland

Roy Williams
Head Men's Basketball Coach
University of Kansas

Tyrone Willingham
Head Football Coach
Stanford University

NEWSPAPER ASSOCIATION OF AMERICA,
Vienna, VA, June 7, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Hon. John Conyers, *Ranking Member,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR CHAIRMAN HYDE AND CONGRESSMAN CONYERS: The purpose of this letter is to respond to your request for comment on H.R. 3575, the Student Athlete Protection Act, which prohibits high school and college sports gambling in all States, including Nevada, where gambling on college sports is currently legal.

The Newspaper Association of America (NAA) is a nonprofit organization representing more than 2,000 newspapers in the U.S. and Canada. Most NAA members are daily newspapers, accounting for 87 percent of the U.S. daily circulation.

NAA understands the concern Congress has with respect to illegal sports gambling on college campuses, including the existence of illegal bookmaking operations

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that involve student-athletes as well as members of the general student population. Our comments on the proposed legislation are limited to an issue that has been raised concerning publication of point spreads on college sporting events, and whether a prohibition on gambling on college games will persuade newspapers not to publish point spreads on these games.

First, like all editorial decisions, the decision on whether to publish point spreads for college sporting events is made by each newspaper and the decision to publish or not publish will vary from newspaper to newspaper. If Congress prohibits gambling on college sports, NAA believes newspapers will continue to have an interest in publishing point spreads on college games, since point spreads appear to be useful, if not valuable, to newspaper readers who have no intention of betting on games.

According to a national Harris Poll survey of 1,024 respondents conducted during April 7–12, 70 percent of respondents who read or look at point spreads on college sports do so to obtain information about a favorite college team and to increase their knowledge about an upcoming sporting event. Only 11 percent of the respondents said that they read or look at point spreads on college sports to place a bet with a bookmaker. NAA believes that publication of point spreads provides useful information to millions of newspaper readers, of whom 96 percent are 21 and over (MRI Spring 2000 Study).

Second, pointing the spotlight on published point spreads in newspapers fails to acknowledge that an individual can obtain point spreads on college games through many different sources. These sources include sports talk shows on radio and television, magazines, toll-free telephone services and the Internet. Illegal bookies on college campuses and in the general population will continue to set the betting lines independent of any published point spread. Anyone who is intent on placing bets on games can and will obtain point spreads, even if they are not published in the newspaper.

Finally, NAA applauds the sponsors of the legislation for resisting the temptation to impinge upon constitutionally protected freedoms of speech by proposing a prohibition on the publication or dissemination of point spreads on college games. Over the years, the Supreme Court consistently has recognized that a consumer's interest in the free flow of information "may be as keen, if not keener by far, than his interest in the day's most urgent political debate." *Virginia State Bd. Of Pharmacy* v. *Virginia Citizens Consumer Council, Inc.*, 425 U.S. 763 (1976). We commend you and your colleagues for being particularly sensitive to maintaining the free flow of information, which citizens of this country have come to expect and enjoy.

NAA appreciates the opportunity to comment on this legislation before your committee.

Respectfully submitted,

JOHN F. STURM, *President and CEO.*

cc: Members of the Committee on the Judiciary

PREPARED STATEMENT OF SENATOR BROWNBACK

Thank you Mr. Chairman for holding a hearing on an issue that is of critical importance to our colleges and universities. I would first like to take this opportunity to thank the NCAA for the courage they have shown in confronting the growing problem of gambling and the threat this problem poses on our student athletes and the integrity of college sports. I would also like to thank Congressman Roemer and Congressman Graham, who have provided tremendous leadership on this issue in the House of Representatives. I hope that the hearing this morning will serve as a springboard for passage of the Amateur Sports Integrity Act which will be voted on in the Senate this week.

The legislation which has been introduced in both the House and the Senate is in direct response to a recommendation made by the National Gambling Impact Study Commission (NGISC), which last year concluded a two-year study on the impact of legalized gambling on our country. The recommendation called for a ban on all legalized gambling on amateur sports and is supported by the National Collegiate Athletic Association (NCAA), coaches, teachers, athletic directors, commissioners, university presidents, school principals and family groups from across the country. This amendment will prohibit all legalized gambling on high school and college sports, as well as the Summer and Winter Olympic Games.

This nation's college and university system is one of our greatest assets. We offer the world the model for postsecondary education. But sports gambling has become a black eye on too many of our colleges and universities.

Gambling on the outcome of college sporting events tarnishes the integrity of sport and diminishes the esteem in which we and the rest of the world hold U.S. postsecondary institutions. This amendment will remove the ambiguity that surrounds gambling on college sports and make it clearly illegal in all fifty states.

We should not gamble with the integrity of our colleges, or the future of our college athletes. Our young athletes deserve legal protection from the seedy influences of the gambling, and fans deserve to know that athletic competitions are honest and fair,

Gambling scandals involving student athletes have become all too common over the past 10 years. In fact, there have been more gambling scandals on our colleges and universities in the 1990's than in every other decade before it combined. These scandals are a direct result of an increase in gambling on amateur sports.

It was just two years ago during the Final Four that we learned of a point shaving scandal at Northwestern University involving their mens basketball team. This scandal involved both legal and illegal gambling on several Northwestern games. Kevin Pendergast, a former Notre Dame place-kicker who orchestrated the basketball point-shaving scandal at Northwestern University, has stated that he would have never been able to pull his scheme off without the ability to legally lay a large amount of money on the Las Vegas sports books. In fact, tile last two major point shaving scandals involved legalized gambling in Las Vegas sports books.

A study conducted earlier this year by the University of Michigan found that "84% of college referees said they had participated in some form of gambling since beginning their careers as referees. Nearly 40%. also admitted placing bets on sporting events and 20% said they gambled on the NCAA basketball tournament. Two referees said they were aware of the spread on a game and that it affected the way they officiated the contest. Some reported being asked to fix games they were officiating and others were aware of referees who "did not call a game fairly because of gambling reasons."

Opponents of our legislation have tried to discredit our efforts by insisting that we should be focusing our efforts on curbing illegal gambling, not legal. I agree that we should be looking at ways to help law enforcement and institutions for higher education combat illegal gambling. Legislation has been introduced that creates a panel to investigate and make recommendations with respect to illegal gambling, I am supportive of these efforts, but the fact remains that gambling on student athletes, whether legal or illegal, threatens the integrity of college sports.

Banning legalized gambling on amateur sports serves notice that betting on college games or student athletes are not only inappropriate but can result in significant social costs. The National Gambling Impact Study Commission recognized the potential harm of legalized gambling by stating that sports gambling "can serve as gateway behavior for adolescent gamblers, and can devastate individuals and careers."

Opponents have claimed that this is a state issue, not a federal one, This argument doesn't hold water. Congress already determined this is a federal issue with the passage of Professional and Amateur Sports Protection Act (PASPA) in 1992. Ironically, while Nevada is the only state where legal gambling on collegiate and Olympic sporting events occurs, Nevada's own gaming regulations prohibit gambling on any of Nevada's teams because of the potential to jeopardize the integrity of those sporting events..

During a press conference earlier this year I encouraged colleges and universities from across the country to ask the Nevada Gaming Control Board to prohibit any wagers from being "accepted or paid by any book" on their respective athletic teams in Nevada, Unfortunately, the Board refused the NCAA's request, stating that "the same level of protection is already extended within each of these states." What they failed to mention was that no state, except for Nevada, allows betting on college teams from other states. The frequency of point shaving, scandals over the last decade is a clear indication that legal gambling on college sports stretches beyond the borders of Nevada, impacting the integrity of other state's sporting events.

I am a strong advocate of state's rights. However, state's rights means a state's authority to determine how best to govern within that state's own boundaries—not the authority to set laws that allow a state to impose its policies on every other state while exempting itself. Gambling on college sports, both legal and illegal, threatens the integrity of the game—and that threat extends beyond any one state's border,

I realize that a ban on collegiate sports gambling will not eliminate all gambling on college sports. However, a total ban will prevent another avenue for those participating in point shaving scandals to spread out their money. If enacted, there will be no ambiguity about whether it is legal or illegal to bet on college sports. As part of a broader strategy to re-sensitize the public to the problems associated with col-

lege sports gambling, it will make a difference. We should not wait for another point shaving scandal in order to act.

PREPARED STATEMENT OF ARNIE WEXLER, CERTIFIED COMPULSIVE GAMBLING COUNSELOR, FORMER EXECUTIVE DIRECTOR, COUNCIL ON COMPULSIVE GAMBLING OF NEW JERSEY

Stopping gambling in Las Vegas would be like putting a Band-Aid on a cancer, because the real problem is on the campuses all over America. College administrators have their heads in the sand on this issue. The fact is every school has a problem. Unfortunately, only a handful of colleges are doing anything about it.

Instead of a bill to stop gambling in Las Vegas, we need a bill that would stop newspapers from printing the lines, ban advertising by national sports tout services (800 and 900 phone numbers) and prevent student access to online casinos in every dorm room. Those are the real problems. Congress should pass a bill that helps educate kids about the risks of gambling instead of working on this nonsense.

The NCAA is sleeping at the switch. They parade a get-tough-on-gambling message to the public, but then allow their name and logo to be used to promote gambling. Too bad there isn't a stronger word in the American language to describe such hypocrisy. They should focus on educating their own organization about the dangers of gambling. However, when money is talking, the marketers of college basketball turn a deaf ear even to their own slogan, "Don't bet on it." The NCAA's real message seems to be, "Gambling on college basketball is morally reprehensible . . . unless we get a piece of the action."

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: We write this joint letter to you to strongly endorse a permanent and absolute ban on all legal sports betting in all fifty states including Nevada. Your Committee will soon hear testimony on H.R. 3575, a bill that would outlaw sports gambling in Nevada on amateur athletic events, but would continue to allow betting on pro sports. We believe that the only effective solution to the problem of teenage gambling is to completely close the gateway of sports gambling everywhere in America, no state exceptions allowed.

In the past, Congress has taken a strong stand against sports betting. In 1974, and again in 1992 with the passage of "The Professional and Amateur Sports Protection Act," Congress overwhelmingly endorsed the view that sports and gambling do not mix, that betting casts unwarranted suspicion on the motives of players and coaches, and that young people should not?be drawn into the web of compulsive gambling through sports. Congress has never distinguished in the past between amateur and professional sports in this regard, finding that betting on both have equally adverse consequences. We strongly suggest that the Committee keep this philosophy in mind when considering the current legislative proposals.

We will be submitting an in-depth statement for the Committee's written record. In the meantime, thank you for your willingness to make this letter a part of your deliberations.

Sincerely,

NATIONAL FOOTBALL LEAGUE,
MAJOR LEAGUE BASEBALL,
NATIONAL BASKETBALL ASSOCIATION,
NATIONAL HOCKEY LEAGUE.

TALKING POINTS OF HON. HARRY REID, A U.S. SENATOR IN CONGRESS FROM THE STATE OF NEVADA

- First, let me stipulate, that I am opposed to illegal gambling on college sports.
- While I appear before this committee today as a Senator I want this Committee to understand that my testimony is based, in part, upon my experience as the former Chairman of the Nevada Gaming Commission.
- Gaming is a cash industry that absent meaningful regulation invites mischief.
- Indeed, it works in Nevada because of the effective meaningful regulatory framework that oversees this industry.

- I believe the proposal before this committee today misses the mark in several key respects.
- Illegal gambling, whether in the dorm rooms of our colleges our the saloons and taverns throughout the country, is wrong and more should be done to crack down on it.
- However, banning lawfully regulated college gambling in Nevada—which represents 1 percent of gambling on college sports—will not address the problem of illegal gambling.
- Where is the evidence that banning the 1 percent of legal college wagering in Nevada will eliminate illegal gambling on colleges?
- Where is the evidence that current laws are insufficient?
- I would suggest such evidence does not exist.
- We do not need new laws—we need better enforcement.
- A ban on lawful college sports wagering will have as much an impact on illegal gambling as a prohibition on newspapers publishing point spreads.
- The NCAA believes a ban on college sports wagering will result in newspapers not publishing point spreads.
- A recent letter from the President of the Newspaper Association of America to this Committee makes clear that that will not occur.
- The letter from President John Sturm also dispels another myth perpetrated by the NCAA—that people use the spreads to place illegal bets.
- In fact, a recent Harris poll found that 70% of those who look at point spreads do so to obtain information about a favorite college team and info about an upcoming game.
- Illegal gambling should be looked at from a law enforcement and regulatory perspective.
- Banning the one percent of legal gambling on college sports in Nevada will not address these issues.
- I've proposed legislation directing the Department of Justice to appoint a special task force to study & report to Congress on the measures that could be taken to curb illegal gambling.
- I appreciate the NCAA's interest in protecting the integrity of college sports.
- But the NCAA's efforts to define this issue as arising out of Nevada and afflicting college campuses is simply a red herring.
- Walk into any local bar or tavern and you're likely to find an illegal bookie.
- Walk into any office today and you're likely to find a pool on the final four.
- Will this ban eliminate this?
- Are we going to start referring March Madness office pools down to the Justice Department for prosecution?
- Of course not and the NCAA knows this.
- When the National Gambling Impact Study Commission examined legal gaming the NCAA was silent on the issue of whether to support a ban.
- In fact, the NCAA's top lobbyist, Bill Saum, thought the focus should be on education and enforcement.
- The NCAA's change of heart reflects a calculated decision to divert attention from larger problems plaguing the beleaguered association.
- By scapegoating legal regulated gaming they turn the spotlight away from its miserable record of looking out for student athletes.
- Such a strategy may produce a successful PR campaign but it does nothing to crack down on illegal gambling
- I believe the NCAA is in a position to actually do something to clean up the sullied reputation of college sports right now.
- They are reaping millions of dollars in revenues from contracts they're signing with broadcasters to cover these games.
- They may want to consider using some of the enormous sums of money they pay their high salaried executives to fund progrmas aimed at curbing illegal student gambling.
- Perhaps they could be using some of that money to mount educational campaigns not unlike those being done to combat drug and alcohol abuse on our campuses.
- I believe we need to follow the money a little more.

- What is being done with all of this money?
- I believe the NCAA has an obligation to put its money where its mouth is and do something to curb this problem on their member campuses.
- The fault lies not in Nevada and the solution is not a ban.
- I believe the solution involves a better understanding of the illegal gambling, meaningful enforcement of existing laws and greater cooperation from the NCAA.
- That said, I also believe these bans neglect to recognize the good work done by Nevada resorts to work with law enforcement in preventing point shaving scandals on college campuses.
- They realize it is in their best financial interests not to have any scandals.
- That is why they go to such great lengths to provide a safe regulated environment for the operation of their sports books.
- Finally, I wish to say a few words about states rights.
- Since 1994, Nevada, more than any other state in the union, has been targeted for federal initiatives that are anathema to the people of Nevada.
- Whether it's nuclear waste or morality based anti gambling initiatives—the Republican Congress has sought to subvert and trash the 10th Amendment rights of the state of Nevada.
- When the republicans took control of this House in 1994 there were many great statements about the need for a stronger emphasis on states rights.
- It is at best ironic that the party which professes to care most about states rights is again pushing legislation which is clearly so violative of those rights.

PREPARED STATEMENT OF DEAN SMITH, FORMER HEAD BASKETBALL COACH, UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL

Chairman Hyde, Representative Graham and other distinguished Members of the Committee, thank you for allowing me to present testimony on a matter of great concern to me and many others who have had the privilege to coach collegiate athletics. Gambling on college sports, whether done legally or illegally, has long been a problem. I commend the House Judiciary Committee for examining the impact that legal gambling in Nevada has on the publication of point spreads in most every major newspaper in America, and how that places pressure on the young people who play college sports, the coaching staff, game officials, and the game itself.

In 1961, when I succeeded Frank McGuire as the University of North Carolina's head men's basketball coach, he passed on to me a scrapbook he had put together from 1951. It contained clippings and pictures detailing the point-shaving scandals that had rocked college basketball in the early fifties. The pictures showed players handcuffed and crying. The stories indicated how players had ruined their careers and the embarrassment to the universities involved. I shared the scrapbook with each of the succeeding 36 teams. It remains a permanent fixture in my office and serves as a reminder of the vulnerability of these young athletes and the inappropriateness of betting on their games.

In 1992, the Congress enacted legislation to prohibit gambling on amateur sporting events. It seems to me that if a matter is serious enough to merit a federal ban, the ban should apply to all states. Nevada is the only state where gambling on college games is allowed, yet Nevada prohibits betting on its own teams which proves my point.

In addition, Nevada's legal sports books are the source of many of the point spreads that appear in most every newspaper in the country. The point spreads promote what is clearly an illegal activity in 49 states and send a mixed signal about the appropriateness of betting on these young athletes' success. If the point spreads on college games were no longer published in newspapers, I think we would see much less illegal betting on college games and the public would be more aware of the illegal nature of the activity. In my opinion, if the legislation under consideration passes, the media will have no excuse to continue publishing point spreads on college games.

In the early 1980s, I spoke to the Associated Press Sports Writers' Association encouraging them to not approve the publishing of point spreads. At that time, it was not as prevalent as it is today. After I returned to Chapel Hill from the meeting, George Solomon, Sports Editor for the *Washington Post* had asked Ben Bradlee, the publisher of the *Washington Post*, to call me, since they were considering instituting the publication of the betting line on college sports events. After a 20-minute conversation, he agreed that the *Washington Post* would not publish the betting line

on college games, although they would publish point spreads on the professional teams. The *Washington Post* also does not take advertising from the sports touts services. Unfortunately, the *Post* is the only major newspaper to adopt this policy of which I am aware. However, if betting on college sports was illegal in all fifty states, I believe most newspapers would follow the lead of the *Post* by discontinuing this harmful practice.

Point spreads published in newspapers also encourage novice bettors to place bets recklessly when they notice their favorite team is an underdog by 10 points. Therefore, printing the point spreads encourages wagering by individuals who ordinarily would not have placed a bet.

Additionally, local bookies that handle bets seldom can afford to take a large bet on a fixed game, since I understand they try to have equal amounts bet on both teams. They only want their so-called 10%. This is where the gambler would need Nevada as a place to accept large bets when a game has been fixed.

Closing the Nevada exemption will not end gambling on amateur contests or even insure that scandals won't happen, but it would reduce the potential for corruption of young athletes and the staining of schools' reputations. I encourage you and your colleagues in Congress to work toward final adoption of this legislation. I offer my support and will be glad to assist you in anyway I can to ensure the issue is heard and considered.

SENATOR JON PORTER,
Henderson, NV, June 13, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR CHAIRMAN HYDE: Thank you for the opportunity to present some thoughts and ideas about the legislation to ban college betting in Nevada. And thank you for the personal time you gave me yesterday to hear my views. Over the past several months, I have had several occasions to spend time with members of Congress who have a great stake in this legislation. I have been able to learn the concerns that these members have, while communicating the views of my own state. These meetings have been a great opportunity to learn more about what people think of Nevada and our number one industry.

Today, you are going to hear a lot about corporate bottom lines, financial impacts and state's rights. All true, all important and all relevant. But, to Nevada, gaming is more than a form of tourism or a type of entertainment. It is an industry . . . a means for life and for livelihood to tens of thousands of families. It pays for their children's education, it funds their retirement, it pays the mortgage on their home and it pays for the family vacation.

The discussion of government impacting an industry in the pursuit of a social or political justice isn't unique in America. Just a few years ago, in Oregon, concerns over the habitat of certain animals led to a substantial reduction in logging dramatically reducing the entire industry. And it wasn't long ago, during the pursuit of more fuel efficient automobiles, that the CAFE standards threatened to wipe out entire cities in the Midwest who relied on the plants that built larger cars outside of these regulations. I remember during both of these discussions that both sides presented cases on why they were right and the other side was wrong. But we didn't hear enough about the families that were impacted the most until it was too late. No matter what the cause, we can't forget the families.

The people from Nevada and the gaming industry you are hearing from know more about the facts and the figures like how many people will be impacted and how much money is involved. And I am not suggesting that by disallowing betting on college games that our industry is in a crisis or that casinos will go out of business. But there are impacts that I implore you to consider.

Clearly, there is a problem with betting on college campuses. Congressman Gibbons and Senator Reid have quite appropriately asked for a study that looks for solutions and ways to combat illegal sports betting. And Nevada needs to participate heavily in this discussion. We need to know what we role we do play, and what role we can play. We owe that to this committee, to this Congress, and most importantly, we owe it to the very families we are trying to defend.

Thank you again for this time. I look forward to continuing this discussion with you in any capacity.

Regards,

JON PORTER, *Nevada State Senator.*

NATIONAL FOOTBALL LEAGUE, NATIONAL HOCKEY LEAGUE,
NATIONAL BASKETBALL ASSOCIATION,
OFFICE OF THE COMMISSIONER OF BASEBALL,
July 5, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: We are writing to commend you for holding a hearing on H.R. 3575, the Student Athlete Protection Act, and to urge in the strongest possible terms that the bill be expanded to prohibit gambling not only on amateur sports, but on professional sports as well. Congress has not previously distinguished between gambling on amateur and professional games, and Congress should not do so now. The proponents of H.R. 3575 are justifiably concerned about young people gambling on college sports, but those same young people also gamble on our games, and this problem is likely to worsen if gambling is barred on college sports but remains legal on professional contests.

H.R. 3575 would amend the Professional and Amateur Sports Protection Act of 1992 (28 U.S.C. 3701–3704) ("PASPA"). PASPA generally prohibited the states from legalizing gambling on professional and amateur sports, but it also grandfathered certain gambling that was authorized by state law at the time of enactment. H.R. 3575 would repeal this grandfather provision so far as gambling on amateur athletic games is concerned and prohibit gambling on amateur games as a matter of federal law. But the bill does not prohibit gambling on professional games. Instead, it allows such gambling to continue to the extent grandfathered by PASPA. We respectfully urge that this remaining loophole be closed.

There can be no question that gambling harms professional sports. Gambling debases our players by using them as roulette chips. It creates an ever-present risk of corruption and undermines the public's confidence in our games. It promotes compulsive gambling and tarnishes our games in the eyes of our youngest fans.

For these reasons, the undersigned leagues strongly supported enactment of PASPA in 1992. In their testimony on that legislation, which you co-sponsored in the 102d Congress, the leagues documented their own extensive antigambling policies, which continue. For the same reasons, the leagues all strongly support the principles underlying H.R. 3125, the Internet Gambling Prohibition Act, sponsored by Representative Goodlatte, which would end Internet sports gambling that circumvents PASPA and the Wire Act. This landmark legislation, which the Judiciary Committee overwhelmingly approved on April 6, unanimously passed the Senate last fall and is awaiting action by the full House.

As the House Judiciary Committee noted in 1991, PASPA was a response to "the growing concern regarding the effect on professional and amateur sports of State-sanctioned sports gambling." H.R. Rep. No. 242 (Part 1), 102d Cong., 1st Sess. 208 (1991). The Committee stated that it "appreciates that there exists a special relationship between American sports fans of all ages and their favorite teams, and that athletic competition embodies and affirms fundamental American values worth protecting from the potential taint of corruption and scandal." *Id.* In approving a forerunner of PASPA, the Committee expressed concern that state-sanctioned sports gambling "will undermine public confidence in the integrity of the sports involved, place undue pressure on players and coaches, and communicate negative values about sports to the youth of America." H.R. Rep. No. 681, 101st Cong., 2d Sess. 192 (1990). As Chairman Brooks stated on the House floor:

> "For so many of us, the playing field is the crucible where character, drive and team effort is formed and developed. It is of paramount importance that we safeguard both the image and reality of integrity in sports from the corrupting influence of gambling and the enticements of money on the American tradition of free and honest athletic competition." 138 Cong. Rec. 32438 (1992).

Similar points were made by Representative Fish, the Ranking Minority Member of the Judiciary Committee. *Id.* at 32439. Like PASPA itself, the Judiciary Committee, the Chairman, and the Ranking Minority Member drew no distinction between gambling on amateur and professional games.

During the Senate floor debate on PASPA, Senator Bradley spoke eloquently of the harms gambling inflicts on sports. Tellingly, he invoked his experiences as a professional basketball player as well as invoking the college sports scandals of his younger days:

> "Mr. President, where sports gambling occurs, I think fans cannot help but wonder if a missed free throw, or a dropped flyball, or a missed extra point was part of a player's scheme to fix the game. If sports betting spreads, more and

more fans will question every coaching decision and every official's call. All of this puts undue pressure on players, coaches, and officials . . . [If sports gambling is legalized,] [s]ports would become the gamblers' game and not the fans' game, and athletes would become roulette chips. . . .

"I remember one game in Madison Square Garden. Toward the end of the game, one of my teammates happened to throw the ball up. We were ahead 6 or 8 points, I forget which. He threw the ball up at the other end of the court and the ball went in the basket. The next week the press speculated about whether it was timed to beat the line on the game. . . . Earlier in my life, when I was in high school and college, there were major sports scandals. Sports-fixing scandals. But the state came in and said this is wrong, and vigorously prosecuted." 138 Cong. Rec. 12989–90 (1992).

When Congress enacted PASPA, it made the judgment that the prohibition should not be applied retroactively to sports gambling operations that were already permitted by, and conducted pursuant to, state law. See S. Rep. No. 248, 102d Cong., 1st Sess. 8, 9–10 (1991). As the Senate Judiciary Committee emphasized, however, "all such sports gambling is harmful." *Id.* at 8. The decision to grandfather certain sports gambling from the prohibitions of the bill was based on other considerations.

If Congress is prepared to reconsider the judgment it made in 1992 that existing legal sports gambling should be grandfathered, then there is no justification—moral, legal, or otherwise—for limiting such reconsideration to gambling on amateur sports. The harms that sports gambling inflicts impact professional sports no less than amateur sports. The harms it inflicts are just as real, and the cost to the integrity and reputation of our games, and to our values as a nation, are just as great. If anything, the harms inflicted on professional sports by gambling may be even greater than the harms inflicted on amateur sports because gambling on our games is more widespread.

Some argue that Nevada professional sports books should be allowed to thrive because they are well-regulated and popular, and the gambling causes no harm. For the reasons stated above, we profoundly disagree. The logic of this argument is that federal law should allow professional sports books to be legal everywhere. But if sports gambling is unacceptable everywhere else as a matter of federal policy, it cannot be acceptable in Nevada.

The professional sports leagues have worked hard to educate and counsel our players, coaches and game officials regarding the dangers of sports gambling, and to take security measures to protect our employees from gambling influences. Through those efforts, we have been fortunate to avoid any serious gambling scandals in our leagues in recent years. We should not now be denied the benefits of legislative action simply because we cannot point to any gambling incidents but college sports can. The ill effects of gambling apply equally to both college and pro sports.

For all of these reasons, if Congress is now prepared to revisit the judgment it made in 1992, we strongly urge that H.R. 3575 be amended to extend its prohibition (and its repeal of PASPA's grandfather provision) to include gambling on professional sports. We respectfully ask that this letter be included in the record of the Committee's hearing on the proposed legislation.

NATIONAL FOOTBALL LEAGUE,
NATIONAL HOCKEY LEAGUE,
NATIONAL BASKETBALL ASSOCIATION,
OFFICE OF THE COMMISSIONER OF BASEBALL,

cc: Members of the House Judiciary Committee

AMERICAN COUNCIL ON EDUCATION,
OFFICE OF THE PRESIDENT,
Washington, DC, June 20, 2000.

Hon. HENRY J. HYDE, *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE HYDE: I write on behalf of the undersigned higher education associations to express our support for H.R. 3575, the *Student Athlete Protection Act*, which would prohibit legal betting on college sports in Nevada. Existing federal law prohibits betting on college sporting events in virtually every state in the nation, but provides an exemption allowing sports books in Nevada to accept bets on college sports.

Your proposal would appropriately extend to Nevada the current restriction in other states against betting on high school, college, and Olympic sporting events. We appreciate that your proposal would implement the recommendation of the bipartisan National Gambling Impact Study Commission, which in its report to Congress in June 1999 advocated that all currently legal betting on college sports be banned. We understand that the proposal is not a referendum on gambling, but would simply level the playing field among states that sanction other forms of gambling.

H.R. 3575 is an appropriate response to the problems associated with gambling on college sports. We appreciate your leadership on this issue.

Sincerely,

STANLEY O. IKENBERRY, *President.*

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Jesuit Colleges and Universities
Council of Independent Colleges
National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges

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Norfolk, VA, March 29, 2000.

Hon. JOHN MCCAIN, *Chairman,*
Committee on Commerce, Science and Technology,
United States Senate, Washington, DC.

DEAR CHAIRMAN MCCAIN: Your staff has inquired about the intent or history related to the recommendation of the National Gambling Impact Study Commission to extend the ban on betting on amateur and collegiate events.

We first visited the issue of sports wagering during out Las Vegas site visit. In staff briefings, it was presented to us as a federal issue, as Congress had exercised jurisdiction in 1992 through the Professional and Amateur Sports Protection Act. The actual recommendation came after presentations by the National Collegiate Athletic Association and was discussed by the full Commission at a March 1999 meeting in Washington.

The following information is excerpted from the section on sports wagering from the Commission's report. This may be helpful in understanding the context in which the Commission made its recommendations.

SPORTS WAGERING [25]

The Professional and Amateur Sports Protection Act (Pub.L. 102–559) is the primary regulatory document for sports wagering activity. The law was passed to ensure the integrity of athletic events. At the time of the passage, Sen. Bill Bradley (D–NJ) said:

"Based on what I know about the dangers of sports betting, I am not prepared to risk the values that sports instill. in youth just to add a few more dollars to state. coffers. . . . State-sanctioned sports betting conveys the message that sports are more about money than personal achievement and sportsmanship. In these days of scandal and disillusionment, it is important that our youngsters not receive this message . . . sports betting threatens the integrity of and public confidence in professional and amateur team sports, converting sports from wholesome athletic entertainment into a vehicle for gambling . . . sports gambling raises people's suspicions about point-shaving and game-fixing. . . . All of this puts undue pressure on Players, coaches, and officials." [26]

The Act was signed by the President on October 28, 1992. Section 3702 of the Act makes it illegal for a government entity or a person to operate or authorize

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[25] Sports wagering refers to betting on the outcome of a contest. People bet on the outcome of many *events*, whether the outcome of the Academy Awards, individual athletic performances, or team play, For die purposes of this section on sports wagering regulation, the term does not cover pari-mutuel activity, whic 's legal in many states

[26] Submitted with the testimo of Nancy Price to the NGISC in Las Vegas, NV, November 10, 1998.

any wagering scheme based on "competitive games in which amateur or professional athletes participate."[27]

Federal legislation also addresses the use of wire communications for sports wagering. The "Wire Ace' of 1961 prohibits gambling businesses from using wire communications to transmit bets or wagers or information that assists in the placing of bets or wagers either interstate or across U.S. national borders. By specifying bets or wagers on "sporting events or contests," the statute expressly determines the illegality of the use of wire communications for the purposes of interstate or international sports wagering. Penalties for breaking this law include fines and imprisonment for not more than two years or both.

While these federal Acts imply federal jurisdiction over sports wagering, states retained the right to determine the scope of legalized sports wagering until 1992. Currently, sports wagering is legal in four states but offered only in Nevada and Oregon. Nevada offers sports wagering through casino sports books and Oregon runs a state lottery game based on games played in the National Football League. Nevada prohibits the placing of wagers on teams from within the state in an attempt to avoid any hint of impropriety when Nevada teams are included and to protect the integrity of contests involving such teams. Delaware and Montana are allowed to have sports books by statute, but currently neither state offers legalized sports wagering. Because these four states had pre-existing statutes providing for sports gambling, they were unaffected by enactment in 1992 of the federal legislation prohibiting sports betting in all other states.[28]

Throughout the Report, the Commission did not attempt to dispute or change any of the existing jurisdictional arrangements between the federal, state and tribal governments. The intent of the Commission's recommendation was to close the loophole in the 1992 Act, a recommendation requiring federal action.

I hope this helps to clarify the issue.

Sincerely,

KAY COLES JAMES.

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[27] Pub.L. 102–559, Sec. 3702.

[28] The Professional and Amateur Sports Protection Act, (Pub.L.102–559), signed by the President on October 28,1992. Section 3702 of the Act stipulates the following:

"It shall be unlawful for 1) a government entity to sponsor, operate, advertise, promote, license, or authorize by law or compact, or 2) a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity, a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly (through the use of geographical references or otherwise), on one or more competitive games in which amateur or professional athletes participate, or are intended to participate, or on one or mote performances of such athletes in such games."